

BUSINESS ETHICS AND CSR

Do Romanian youngsters envision a CSR-oriented world? A research regarding digital natives values

Andreea MITAN¹

Abstract. *The business world has undergone many changes in respect to how business is done as ITC evolved and as people became more and more concerned with the natural resources and their possible scarcity in the near future. Encyclopedias have welcomed pages addressing subjects as the need for oil consumption reduction in order to preserve some for future generations and the maliciousness of the greenhouse gas emissions. NGOs worldwide have been advocating for many decades for moderation, stressing on the effects of pollution of the seas and of deforestation on climate and wild life. The level of general awareness related to environmental problems and human life's frailty is higher than ever. People from many countries on every continent say they are interested in all of these things and feel motivated to support the CSR initiatives of the companies aimed to finding solutions to some of these issues. The members of the young generation, the of the digital natives, as well as elder people, have been exposed to many messages concerning the need for sustainable development, for nature preservation and for humanitarian acts meant to increase the level of life quality of the entire human race. A particular generation spread in the whole world today, Millennials are rapidly coming of age and gaining financial power. Living in virtual communities comprising of people from various places in the world, they are able to get over cultural differences and their coming of age empowers them to act upon these tasks. They are expected to do that but we do not know what they actually want to do. Most of the research regarding their behaviour insists that they are tech savvy and that companies should report their CSR oriented behaviour online, perhaps using smartphones applications, but these people's true motivations are rather unknown. This is the reason why, in this paper, we present a research conducted in Romania based upon youngsters' personal values, as these are the most intimate criteria people use when they decide to do what they state it is desirable to do. The results of our survey show that there are true social activists among our respondents but also that about as many digital natives are self-absorbed power seekers who care little about the welfare of others and of the natural resources. Their common need for security is presented as a possible basis for favoring CSR-oriented behaviours.*

Keywords: *digital natives; CSR; generation Y; personal values; sustainable development.*

1. Ph.D. candidate in Communication Sciences, National University of Political Studies and Public Administration, Bucharest, Romania, andreea.mitan@facultateademangement.ro.

Introduction

A recent research (Cone Communications & Echo Research, 2013), with over 10,000 respondents worldwide, shows that only 6% of these people believe that today a business should only make money, while the rest of them stress upon the fact that a business must pay efforts to improve the societal and environment conditions. And even up to 38% of these people expressed their wish that companies participate to the economic development by creating jobs and infrastructure for communities. 81% of the interviewed people say they would rather work for a CSR-oriented company, 85% would prefer such a company to operate in their community, 87% would rather buy products from it, and 85% would recommend its products to others. CSR is also a good differentiator for brands: 91% of the respondents say they would switch brands to one with a similar price and quality if that brand would be associated with a cause, while another study (Nielsen, 2013) states that 50% of the customers in 58 countries would even pay more for a product made by a CSR oriented organization. Zbucheá (2013) observes that people state they are influenced by CSR in terms of trust, loyalty, advocacy, and in their purchasing behaviour towards brands. Consequently, sustainable development seems to be important to many of the people aged 18 to over 55 and CSR initiatives are, at least on a theoretical level, highly valued. As shown above, people are attracted by companies that implement CSR strategies, but we have to acknowledge that CSR is expensive for a company to do (Smith, 2013). Also, CSR can be contradictory to the main role a business has in society, as it aims to improve societal needs, beyond a company's legal obligations, but due to its costs it can impede the company from making available to its customers the best and cheapest products.

If elders might be more prone to think of environment issues and the welfare of others, as a legacy for their children and grandchildren, what can be said about what youngsters believe? It is an important thing to know, as the generations are changing and the Millennials, born by the mid-eighties to the year 2000 will become, at least in the US, the majority of the active work force by 2015, while by 2030 they will represent 75% of it (Mitchell, 2013). This means they will soon have the power to dictate how businesses should be conducted, as CEOs, employees and customers of the world's companies. We know they are gamers in their approach to life and that they have little trust in traditional companies and brands

(Filloux, 2010). Until now, researchers have addressed their impact on CSR practices by referring to their interest in social media and ITC devices use (Cone Communications & Echo Research, 2013) but little is known about their actual inner orientation towards sustainability and CSR.

Literature Review

The digital natives are a generation of people who use ITC devices and the Internet on a daily basis (Barna, 1995). Obviously, as many authors have shown (Prensky, 2001; Huntley, 2006; Twenge, Campbell, Hoffman & Lance, 2010; Dagnaud, 2011; Gansky, 2011; Hansen & Leuty, 2012), they are not like their parents and grandparents: they are proficient with technology and they use it constantly, as extensions of the self, and they even seem to process information in a different way, meaning they seem unable to think using linear models but go from a node to another in a web of thoughts and images. As we see, ITC proficiency is not their sole characteristic.

After studying over 6000 digital natives worldwide, Don Tapscott (2010) has come to believe these people are guided by eight principles in their behaviours and attitudes, which mark their lives both as employees and as humans: they value freedom of choice regarding jobs, personal style, the media (1), and they believe in the power of customization in every aspect of their lives, including jobs (2). They tend to search endlessly for the truth, they dream of a world where social justice is everpresent (3) and they ask for integrity (4). Egalitarians, digital natives dislike hierarchies and prefer collaborative work when things need to get done (5). They believe anything can be improved and work towards innovation, especially related to ITC, each time it is possible for them to (6). They lack patience, so delays in gratifications are to be avoided by them (7) and they would always choose a job where they can work and have fun too (8). Tapscott stresses the facts that these people value the truth above anything else and that they expect managers to listen to their ideas and companies to always do what they preach. With these norms in mind, it is expected that they put pressure on companies to act responsible in their communities and towards their employees and customers.

In Romania the first true digital natives are the people born in the early 1990s. Along with the economic and political particularities of the country during the last twenty years, such as the ones given by the long process of democratization and the transition to a capitalist economic system, this fact has lead to a series of differences regarding the structure and characteristics of the digital natives here. As *The Coming of Age of Digital Natives* GfK Report (as cited in Calei, 2013) shows, they are thirsty of feedback but they prefer speed over depth, so they are rather superficial. They lack patience. Their desires are of great importance to them and they become restless when someone or something delays their gratification. Unlike the foreign digital natives, says the cited report, these youngsters are lazy and have no long-term plans. They prefer to spend most of their time with their many friends, who give them the sensation of stability. Romanian digital natives, states the report cited above, are interested in ITC just because it gives them the opportunity to stay connected with their friends and create, through SNSs VIP-like images of themselves, which help them maintain their fragile sense of self-worth.

They have, nonetheless, tremendous expectations from people around them, from companies and from brands and they expect everything to be customizable, although they would never pay more for customized products (Coca cited in Calei, 2013). They expect the world to change in order to fit their views rather than create and innovate themselves. Companies and managers should be extremely open to their needs and expectations, in their opinion, and create flexible jobs and allow them customizable work schedules, or over 50% of them would not take a job at all, unless they badly need the money (Leonte, 2014). This is a new trend, as a few years earlier Frunzaru (2008, pp.77-78) observed that students were willing to gain money by doing the jobs that were well paid, regardless of how much they disliked these jobs. Consequently, the next generation to take over the workforce in Romania is made up mostly of hedonist people who expect the world to do something for them because they are too afraid or unable to do something themselves. How does their attitude pair with the sustainable development orientation in business? We will approach this subject in an indirect manner.

Usually people are asked directly in surveys whether they prefer to work for a CSR-righteous company or to buy products made by one. As long as

today it seems to be a sin not to say that you care about the environment and social causes, it is possible that people state they envision a CSR-lead business environment without really being motivated to act upon these words. Or, as Leiserowitz, Kates and Parris (2006) put it, it is possible for people to agree that values as social equity are desirable, but their own values, needs and interests to be in conflict with such a view, so their acts to be different. This is the reason why we propose in this paper a research based upon people's personal values.

Values define or direct peoples' goals and frame their attitudes (Leiserowitz, Kates & Parris, 2006). As fundamental criteria that we use in order to understand other peoples' behaviour, to choose the way we should behave ourselves, and to explain why we behaved in a certain manner, values can be a good predictor of an individual's orientation towards sustainability and CSR-related topics. Values are concepts or beliefs that stress upon the desirable outcome of a state or behaviour. By invoking values, individuals evaluate the environment, people and their behaviours and events (Schwartz, 1992). The evaluation can be conscious or unconscious (Bardi & Schwartz, 2003). Values transcend specific situations, meaning that they guide the selection and evaluation of events and behaviours regardless of the particular context and that they are placed in a certain hierarchy by each and every individual, according to the relative importance that the person places upon them (Schwartz, 1992, p. 4; Bardi & Schwartz, 2003). There are 10 value categories grouping 52 values: universalism, power, hedonism, self-direction, benevolence, security, tradition, stimulation, achievement, and conformity (Schwartz, 2001). The ten values can be grouped in four clusters (Schwartz, 2001), as it follows: (I) Self-transcendence –encompasses the values of Universalism and Benevolence, (II) Self-enhancement – corresponding to Hedonism, Power and Success collated, (III) Openness to change – bringing together Hedonism, Self-direction and Stimulation and (IV) Conservation, a cluster dominated by the values of Security, Conformism and Tradition. The preference for a value gives hint to the motivations behind peoples acts, as values are, in fact, motivational constructs (Bardi & Schwartz, 2003, p. 1208).

According to Schwartz (1992), people who rate highly the value of Power desire a high social status, believe they can and need to control resources and other people and wish to gain prestige. People who score high on

Achievement desire to have personal success, to prove they are competent in social contexts. Other people make a point in avoiding pain and increasing pleasure. These are the ones who value Hedonism above all. For others, Stimulation is the most important thing in life: they need variety in order to be satisfied with their existence. Some people thrive on independence, so they have high scores on Self-direction. While for some tolerance, the preservation of nature, the harmony with nature and other people is important (motivations linked to high values for Universalism), for others the wellbeing of their community's members is the most valuable thing (Benevolence). Conformists, or the ones who value highly Conformism, are people who practice self-censorship in order to avoid upsetting other people with their behaviours. The ones who cherish Tradition desire to be respected in their community, are loyal to their community, to its religion and culture. Finally, people who prize Security want to obtain safety, harmony and stability for themselves and for their group members.

Schwartz (2001) says that some values are compatible, while others are in conflict with each other. Power and Achievement can be appreciated by the same individual, as long as he desires to have social superiority and to be respected. Achievement and Hedonism are also compatible and people who tend to overindulge seem to rate both of these values high. Hedonism and Stimulation also work well together, especially for daunting individuals who wish to taste as many of the world's pleasure as it is possible. Stimulation and Self-direction are to be found among the values of people who are intrinsically motivated to exhibit self-control and to welcome change in their lives. Individuals who rate high Self-direction can also rate high Universalism, as this way they show their high level of self-esteem and comfort with the diversity of the existence. A great score for Universalism pairs well with a great score for Benevolence in people who are not egotistical and who desire to help others change in order to have better life experiences. People who obey the rules, rating high on Conformism, can also rate high on Tradition, as they may be submissive individuals who believe they can put their trust only in themselves. Conformism and Security are both important to individuals who wish to have harmonious relations with other people and who favor the existing order. Finally, people who embrace Security can also appreciate Power because this way they can avoid or surpass the uncertainty of life by controlling relationships and resources. However, a person who rates high on Stimulation and Self-

direction would hardly rate high on Conformism, Tradition and Security (Schwartz, 2001). Also, an individual who likes to see the good in the other people, who searches for the beauty in life and who aims to have a deeply harmonious connection with the other people and nature (rating high on Universalism and Benevolence) would not be able to step onto others in order to get things done his way, as people who consider Power and Success the most important things in their lives do. And hedonists, the ones who live only for themselves would never be conformists, meaning they would never put their community's interests on top of their own, nor would they value Tradition, for it holds them back from manifesting themselves as independent individuals.

After studying many programmatic documents regarding sustainable development Leiserowitz, Kates and Parris (2006) came to the conclusion that the following values, described in the Millennium Declaration, are substantially linked to the idea of sustainability: freedom for each individual to live a decent life under a democratic and participatory governing system, equality for all people, solidarity (equated with equity and social justice), tolerance (understood as respect for diversity), respect for nature and shared responsibility for development. The aforementioned authors emphasize the values of economic development, environmental protection and equity as core values to sustainable development.

Methodology

The aim of our research was to provide insight into the core motivations of young Romanian people in order to understand their attitude towards CSR-related values. The main research questions were:

RQ1: What are the personal values Romanian youngsters cherish the most?

RQ2: Are there more types of personal values profiles among Romanian youngsters?

RQ3: What are the characteristics of these profiles?

Our hypothesis states that a true orientation towards CSR and sustainable development would be found in people for whom the clusters of Self-transcendence and Conservation are well represented, as these clusters

are linked to motivations related to the wellbeing of the self along with the wellbeing of the other people. A truly hedonist individual or one who wishes to earn social power and material goods at all costs would certainly have a collateral interest in other people and in the blue print of the businesses they have or interact with, if ever, unless, perhaps, they also rate high on Security.

We conducted a pen and paper survey between 9.05.2014 and 30.05.2014. The survey comprised of 52 items created by the author of this paper in order to reflect all the personal values identified by Schwartz (1992) and five other items that were meant to measure socio-demographical data. Respondents were asked to rate each of the 52 items using a scale with 9 points, as "guiding principles in life" for them. The 9 points were the following: -1 (opposed to my values), 0 (it is not important to me), 1 and 2 have no specific tags, 3 (it is important to me), 4 and 5 have no tags, 6 (it is very important to me) and 7 (it is the most important thing in life to me). The scale reflects the discriminations people naturally make when they think of the desirability of values, according to Schwartz (2001).

The response rate was 92.72%. Further, we eliminated 53 of the 510 returned surveys because there were suspicions regarding the level of accuracy of the answers, as long as more than 20 items were rated 7 in each of these papers, meaning respondents believed that more than 20 values are the most important things in life for them. We have 457 valid questionnaires and our respondents are aged 18 to 25 ($M=20$, $SD=1.3$), with 279 females and 175 males.

Most of the respondents were enrolled in the first year of study at their chosen university ($n=351$), while others were enrolled in the second year ($n=11$) and in the third year ($n=95$). It is important to note that we have chosen a convenience sample. However, we have tried to increase the possible relevance of the results by choosing to apply the survey in various universities and various faculties. 68% of our respondents were students at the National University of Political Studies and Public Administration, at the College of Management, the College of Communication and Public Relations and the College of Political Science, 11% were students at the "Dimitrie Cantemir" Christian University, at the College of International

Economic Relations, 25% at the University "Politehnica" of Bucharest, the College of Electronics, and 17% at the Bucharest University of Economic Studies, at the College of International Economic Relations, at the College of Business Administration and at the Faculty of Economic Cybernetics, Statistics and Informatics. Most of our sample ($n=334$) are not working but still many ($n=157$) enjoy a decent life out of the revenue they have, while even more of them ($n=166$) say they can buy expensive things if they pay the efforts.

Results and Discussion

In order to simplify the analysis we created score variables for each of the 10 dimensions or value categories described in the Literature Review section. Because it did not prove to be beneficial, we have not eliminated any of the 52 items in computing these new variables ($\alpha=0.9$). There is a good level of consistency for each dimension: universalism ($\alpha=0.7$), power ($\alpha=0.6$), self-direction ($\alpha=0.7$), security ($\alpha=0.6$), stimulation ($\alpha=0.8$), conformism ($\alpha=0.6$), hedonism ($\alpha=0.5$), success ($\alpha=0.7$), tradition ($\alpha=0.6$), and benevolence ($\alpha=0.7$).

Using the means for each dimension (universalism $M=4.4$, benevolence $M=4.7$, conformism $M=4.6$, tradition $M=3.1$, security $M=4.9$, power $M=3.8$, success $M=5$, hedonism $M=5.6$, stimulation $M=3.8$, self-direction $M=4.8$) we have created the graphic representation of the Romanian youngsters values in Figure 1. It should be noted that the highest ranking values were obtained for hedonism, success and security, closely followed by self-direction, benevolence and conformism. By further computing these data, we learn that our respondents are oriented towards self-actualization ($M=4.8$), that they are open to change ($M=4.7$) but also that they are interested in self-transcendence ($M=4.6$) and conservation ($M=4.2$). Generally, they seem to be more interested in achieving a great deal of social success by doing what they like and running away from what could bring them pain.

To determine whether there can be identified more than one profile of personal values in our sample, and also for better understanding these profiles, if found, we conducted a principal components analysis using the

ten score variables. The principal components analysis we used was based upon the correlations between the 10 variables. Initially, 2 components were extracted, with values surpassing 1,00. The orthogonal rotation determined the component structure presented in Table 1. Because of the significant number of missing values, that would have limited the number of cases to 393 from 457, we have chosen to replace the missing values with means on each dimension. There have been replaced 15 missing values for universalism, 11 for power, 7 for hedonism, 7 for self-direction, 12 for security, 4 for stimulation, 4 for conformism, 3 for success, 10 for tradition and 11 for benevolence. The first component represents 31.4% of the variance, and the second 29.6% of the variance. The first factor seems to be the Revolutionary and the second seems to be the Guardian (both etiquettes are given by the author of this paper).

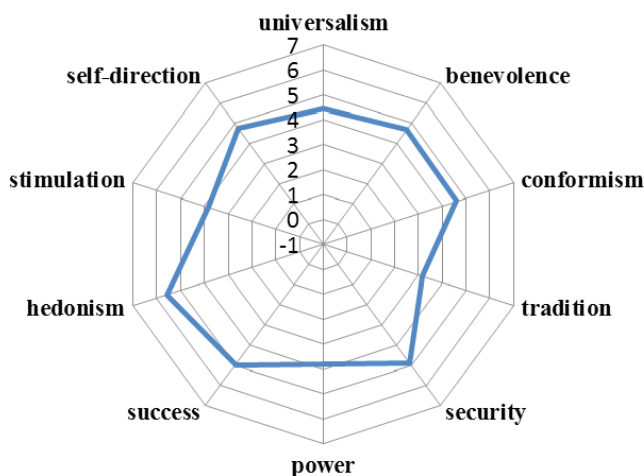


Figure 1. The Means Profile of Personal Values of Romanian Youngsters

Table 1. The Orthogonal Matrix for Ten Variables

Rotated Component Matrix

	Factor	
	1	2
	The Revolutionary	The Guardian
Self-direction	,814	,279
Success	,767	,336
Power	,747	,131
Hedonism	,678	,223
Stimulation	,654	,021
Tradition	-,115	,803
Conformism	,242	,767
Benevolence	,304	,755
Universalism	,289	,708
Security	,448	,632

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

The Values of the Revolutionary

The Revolutionary is a person who wishes to be free of all limitations, a Me-first, domineering individual. His aim is to choose by himself the goals to be pursued. Revolutionaries are people who believe they are creative and who want to create whatever they want, unlimited by existing rules. Also, they are people who thrive to explore the world *ad libitum*. They may create valuable things, as Revolutionaries are curious people, who may work hard and who have a good level of self-esteem; they are people who do not wait for others to come and help them achieve their goals.

Most of the time, they want to prove themselves competent, to obtain and to maintain other people's respect for them. In other words, they are ambitious, intelligent, motivated by success, and work for becoming influent individuals. Their public image is of utmost importance to them. As they want to obtain a position of power in the society, to have prestige, to be able to control material resources and other people, they are sensitive to what others believe about them and do their best to present themselves as valuable people. However, their wish to gain social power is doubled by their love for material goods. Power is equated with money and with the

ability to control others, to whom they like to present themselves as people who have authority.

The guiding principle of their lives is avoiding pain and maximizing the level of pleasure felt. They are hedonists whose purpose is to enjoy life. They are daunting thrill seekers who need various experiences to maintain a good level of functioning, for whom the wisdom of the old holds little importance. Religion and local traditions are to be avoided as much as possible. At a deeper level, they run away from the cultural community they belong to by birth and even disrespect the world they were raised into. It is interesting to note that even though they dismiss traditional communities and customs, they are interested in security and stability.

It is hard to believe that Revolutionaries would agree to pay more for a product made by a CSR-oriented company. They are more inclined to choose the products that suit better their own needs than the products that are related with donations for humanitarian causes or that are made with reusable materials. As a manager, a Revolutionary himself would not change suppliers in order to diminish his company's carbon emissions, unless he has some NGOs or media representatives knocking at the door. However, as he is sensitive to what other people think of him, he might donate money himself to a cause that would make him popular or he might even initiate a campaign addressing a special issue that he knows many public members would resonate with, so as to increase his chances to win public respect and appreciation. As employees, they will surely avoid a company that has bad reputation so that their reputation is kept safe and they will choose a company with excellent reputation.

Revolutionaries do not truly care about the community they come from, nor about the communities they interact with in their journey aimed to bring them to the best living standards available to a human being. It is not to say that a Revolutionary would not get involved passionately with CSR. As long as it earns him good points regarding his public image and as long as it helps him feel powerful and respected, he would work very hard to *look* responsible.

When his own sanity and life quality are threatened, he will become a very dedicated CSR preacher and activist but as long as he can gain money from a factory in a place far away, where working conditions are not really good for employees, and the media will not ever find that, CSR will be just a word to him. Anyway, as they like to feel secure, as stakeholders they would put hard pressure on a company to reduce pollution in the area where they live or to raise the quality of the products they make. In the end, the Revolutionary thinks much of himself and desires to live a good life, so if CSR is needed to enhance his life's quality, he will surely get involved with it to a great length.

The Values of the Guardian

Guardians, unlike Revolutionaries, are very drawn to tradition, religion, symbols, rites and rules of the community they belong to, to whom they are fiercely loyal. They do not dream of a stimulating life, they are not adventurers. Moderate, devout, even humble, Guardians accept the place they were given in the world by birth right and attempt to make no changes in the way things are. They do not blame God or others for lacking better opportunities in life. They fight no battle with themselves and they are able to see the beauty in anything. These people prize sages and wish to become sages.

With a good capacity of self-discipline, Guardians are always polite and always in control of their words and actions. They fear they could say or do something that would upset the people close to them so they are permanently vigilant. They respect the elders and take their advice, they are obedient. Community is of utmost importance to them. The motivation behind their exquisite self-mastery is their strong desire to keep and to enhance the wellbeing of the people close to them. Beside family, they have good friends to whom they are loyal, forgiving and with whom they are honest. They help their friends when asked to and they believe in true friendship and true love.

Openminded, Guardians promote tolerance at a general level, support equal rights and dream of the day when all people would be appreciated for who they are and not for the social status they have or their material

possessions. They would like to live in a world where there are no wars and where all the guilty people are punished for their wrongdoings. They feel at home in nature and they have a special interest in protecting it. They are also interested in their health and in the health of the ones dear to them. In essence, the Guardian wishes to live in a secure world, to be in harmony with the nature, with self and with the other people. A Guardian knows he is part of a community, feels like a cell in a living organism, and fears the possibility of losing its position as a member of it. He cherishes the feeling of belonging and feels protected by the cocoons that the national state, the local authorities, the family, the colleagues at work, the neighbours envelop him into. These protecting cocoons help him live relatively carefree, being able to search for and see the good in many areas in life, including people.

As security is one of his core needs, he will engage in all sort of activities that would protect him, his family and his friends from perceived harm, such as pollution, health issues, or human rights problems. This means he would be willing to go clean the parks in his town along with fellow Guardians and some flashy Revolutionaries, supporting a NGOs initiative. This also means he would donate for causes that are dear to him, resonating with health, community and family. He would buy products that support a cause related to health research or health improvement for people in poor countries. He would speak to others about the CSR initiatives of a company and he would be a good advocate for the underdog.

Guardians might choose to work for a company that has proven its dedication to social causes, even though this may mean he would have to drive longer to work. He needs to feel his work makes a difference in the world and he will accept some personal deprivations if this way his family or community would prosper. If the company he works with has a CSR-related problem, he would get involved with the team working on it but in case the company would be proven guilty, even though his reputation might be at stakes, if his family needs him to keep that workplace, so will he.

Guardians are less likely to become CEOs or business leaders. This does not mean that a Guardian who has a dream of solving a specific social problem or environment issue, and these are the kind of dreams they have,

would not fight for building his own company and for gathering around him the people he needs to make his dream happen. Actually, he might take the lead and become a social entrepreneur or he might create an NGO so that he would feel his life purpose as a member of the humanity is done well. He will also be open to protesting against companies that do not have or have little interest in CSR activities. It is beyond his power of understanding why a company would not care about its employees, about its neighbours or about the nature. People who are not born yet have the right to live in a world at least as good as the one we are living in, believes the Guardian.

Conclusion

From a personal values perspective, about 30% of the Romanian youngsters we selected distinguish themselves as true social activists, who would support by all means available to them the companies that prove to be CSR-oriented. Other 30% are more attracted to the hedonistic lifestyle, where community and sustainability have little value, unless their own persona gets to be affected by some CSR-unresponsible company.

We did not have access to data about how many of these youngsters declare their support for CSR initiatives and how many actually support through real actions these initiatives so we cannot make a comparison between what they say it is desirable for them to do and what they actually do. The general profile of the Romanian digital natives shows, however, a rather high interest of all youngsters in security and stability. This suggests that, even though some of them might be interested more into climbing the social ladder, most would choose to act in ways they perceive as enhancing their level of security, and CSR-related activities are just that.

Acknowledgement. The author of this article is a beneficiary of the project "Burse doctorale și postdoctorale pentru tinerii cercetători în domeniile Științe Politice, Științe Administrative, Științe ale Comunicării și Sociologie", a project co-financed by the European Union through the European Social Fund, Sectoral Operational Programme Human Resources Development 2007-2013.

References

- Bardi, A., and Schwartz, S.H. (2003). Values and Behaviour: Strength and Structure of Relations. *PSPB*, 29(10), 1207-1220.
- Barna, G. (1995). *Generation Next: What you need to Know about today's Youth*. Ventura: Regal Books.
- Calei, O. (2013, November 10). Cum gândește și ce vrea generația „Digital Natives”. Retrieved from <http://www.zf.ro/video/zf-live/video-zf-live-cum-gandeste-si-ce-vrea-generatia-digital-natives-urmariti-inregistrarea-emisiunii-de-vineri-8-noiembrie-cu-andreea-coca-consultant-gfk-romania-11646910>.
- Cone Communications and Echo Research (2013). Cone Communication/ Echo Global CSR Study. Retrieved online from <http://www.conecomm.com/2013-global-csr-study-report>.
- Dagnaud, M. (2011). *Génération Y. Les jeunes et les réseaux sociaux, de la dérision à la subversion*, Paris: Presses de Sciences Po.
- Filloux, F. (2010, July 25th). Understanding the Digital Natives. Mondaynote. Retrieved from <http://www.mondaynote.com/2010/07/25/understanding-the-digital-natives/>
- Huntley, R. (2006). *The World According to Y: Inside the New Adult Generation*. Sydney: Allen and Unwin.
- Leiserowitz, A.A., Kates, R.W., and Parris, T.M. (2006). Sustainability, Values, Attitudes, and Behaviours: A Review of Multinational and Global Trends. *Annual Review of Environment and Resources*, 31(1), 413–444.
- Leonte, C. (Producer). (2014, May 12th). România, te iubesc!: Generația care a spus nu serviciului de 8 ore. De ce tinerii din România nu își găsesc un serviciu [Television broadcast]. Bucharest: Pro TV. Retrieved from <http://romaniateiubesc.stirileprotv.ro/emisiuni/2014/sezonul-1/generatia-care-a-spus-nu-serviciului-de-8-ore-de-ce-tinerii-din-romania-nu-isi-gasesc-un-serviciu.html>.
- Mitchell, A. (2013, August 15th). The Rise of the Millennial Workforce. Wired. Retrieved online from <http://www.wired.com/2013/08/the-rise-of-the-millennial-workforce/>.
- Nielsen (2013). *Consumers Who Care*, Retrieved from <http://www.nielsen.com/us/en/insights/reports/2013/consumers-who-care.html>.
- Prensky, M. (2001). *Digital Natives, Digital Immigrants*. On the Horizon. MCB University Press, 9 (5). Retrieved from <http://www.marcprensky.com/writing/Prensky%20-%20Digital%20Natives,%20Digital%20Immigrants%20-%20Part1.pdf>.

- Schwartz, S.H. (1992). Universals in the content and structure of values: theoretical advances and empirical tests in 20 countries. *Advances in Experimental Social Psychology*, 25, 1-65.
- Schwartz, S.H. (2001). Value Hierarchies Across Cultures. Taking a Similarities Perspective. *Journal of Cross-Cultural Psychology*, 32(3), 268-290.
- Smith, C.N. (2013). When It Comes to CSR, Size Matters. Retrieved from <http://www.forbes.com/sites/insead/2013/08/14/when-it-comes-to-csr-size-matters/>.
- Tapscott, D. (2010). *Grown Up Digital. How the Net Generation Is Changing Your World*. New York: McGraw-Hill.
- Twenge, J.M., Campbell, S.M., Hoffman, B.J., and Lance, C.E. (2010). Increasing, Social and Intrinsic Values Decreasing Generational Differences in Work Values: Leisure and Extrinsic Values. *Journal of Management*, 36(5), 1117-1142.
- Zbuche, A. (2013). Are Customers Rewarding Responsible Businesses? An Overview of the Theory and Research in the Field of CSR. *Management Dynamics in the Knowledge Economy*, 1(3), 367-385.

Social Customer Relationship Management (social CRM): Sustainable relationship cultivation strategies into the social web of consumers

Andreea - Denisa TUDOR¹

Abstract. *The importance of organization-customer communications has been highlighted as a crucial factor for the foundation of any well-organized business. In today's business world, technology continues to play a vital role within the business processes for management, communication, and customer service by cultivating internet-based relationships. Thus, the modern business landscape demands that organizations maintain an online presence to network with their customers. This constantly growing impact of online communication upon communication practices is posing both opportunities and challenges to organizations. Social Customer Relationship Management (Social CRM) has forced communication practitioners to reevaluate how, when and to what extent they interact with their customers. These features aid in the attraction of new clients and maintaining existing relationships. Therefore, understanding the link between social media and CRM is an important step in cultivating these internet-based relationships. This paper addresses success factors for customer relationship management and is focused on the role of specific relationship cultivation strategies and how Social CRM has enhanced or altered each mentioned relationship cultivation strategy. Every topic discussed is illustrated with current business examples from Romanian business landscape. Several examples from the banking press are used to illustrate the success/results an organization can achieve when using Social CRM to enhance customer relationship. Social Customer Relationship Management (Social CRM): Sustainable Relationship Cultivation Strategies into the Social Web of Consumers provides a broad investigation into the use of social technologies in business practices through theoretical research. This collection of reference source covers aspects of consumer behavior and relationship cultivation strategies aiming towards researchers, scholars, and practitioners in the fields of communication and management.*

Keywords: *relationship cultivation strategies; dialogic organization development; social customer relationship management; individual ethics; organizational ethics.*

1. Ph.D. candidate in Communication Sciences, National University of Political Studies and Public Administration, Bucharest, Romania, deniz@denisatudor.ro.

Introduction

For years, technology has been the impetus for progress in various processes, systems, and businesses and it shows no sign of ceasing further development. Consequently, the application of technology-driven processes in CRM has become more and more common in today's business world. Today's hyperconnected digital world is forcing organizations to acquire new practices and knowledge in order to leverage business opportunities. In this paper, the topic of dialogic organization development discussed is illustrated with current business examples from Romanian business landscape. Hence, several cases from the banking press are used to illustrate the results an organization can achieve when using Social CRM to enhance customer relationship. As Facebook is the largest social network in Romania, many examples are from Facebook presence of Romanian Bank. And, for Facebook Pages Analysis, fbMonitor (Analytics and Monitoring Tool for Facebook Pages) launched as part of Zelist in May 2014, is used in order to provide statistics concerning Banking Sector presence on Facebook, types of shared content, or even engagement rates.

Literature review

Relationship management strategies in a hyper connected digital world

Given the increasing pervasiveness of dialogue as a concept in public relations theories, many scholars and practitioners are more and more using terms like "dialogic" or "dialogue" to describe ethical and practical approaches. Consequently, relational and dialogic public relations management implies negotiation. Hence, this approach shifts theory from an emphasis on managing communication (Grunig & Hunt, 1984) to one on communication as a tool for negotiating relationships (Botan, 1992; Vasquez, 1996). Furthermore, negotiation may be viewed as communication phenomena (Vasquez, 1996, p. 1). A similar perspective suggested an "adaption or negotiation" model, whereby effective public relations focus on the facilitation of a give-and-take relationship between organisations and their publics (Botan, 1997, p. 196).

Kent and Taylor (1998) describe dialogic relationships through the World Wide Web by naming the important point in this: using technology does not have to create distance between an organization and its publics. On the contrary, Internet communication can include the "personal touch"

that makes public relations effective (p. 323). Thus, when addressing the subject of online relationship building, developing or even maintaining, the *dialogic process of communication* is constantly presumed (Kent & Taylor, 1998; Kent & Taylor, 2002).

The principles of a dialogic public relations theory include five features: *mutuality* (the recognition of organization– public relationships); *propinquity* (the temporality and spontaneity of interactions with publics); *empathy* (the supportiveness and confirmation of public goals and interests); *risk* (the willingness to interact with individuals and publics on their own terms); and *commitment* – the extent to which an organization gives itself over to interpretation, and understanding in its interactions with publics (Kent & Taylor, 2002, pp. 24-25).

Actually, the strategies for communication to be used to create such dialogic relationships with online publics are: (1) the *dialogic loop* (which allows publics to enquire about the organization, meaning the information they need, not the information that the organization is willing to disseminate); (2) *usefulness of information* (including details about the way products are produced, how the services are delivered etc.), an essential aspect as it provides publics the possibility to express their opinion; (3) *interactivity* (updating information, interesting content or even questions) (Kent & Taylor, 1998, p. 328).

Furthermore, dialogic feedback can be understood as: “interactive exchanges in which interpretations are shared, meanings negotiated and expectations clarified” (Carless, 2013, p. 90). While developing such forms of feedback, trust is important because of the relational, affective and emotional sides of feedback. Thus, trusting virtues such as tact, empathy, and willingness to listen can flourish positive feedbacks and soften more critical ones. For the purpose of this paper, we understand trust as one’s willingness to be vulnerable to another based on an investment of faith that the other is open, reliable, honest, benevolent and competent (Tschannen-Moran, 2004). All five features relate to assessment in organizational communication with online publics.

With the strategic dimension based on two-way and interactive communication, dialogical and socially responsible, the illusion of *control* is to be abandoned (Grunig, 2009) as refers to incapacity of communication practitioners to control the flow of online information. Yet, this overwhelming information flow can have a reverse effect on organizations looking to display as much public information as possible (in terms of *openness*, as a cultivation strategy) when disregarding the scope or functionalities of social networking sites (Kaplan & Haelein, 2010; Kietzmann, Hermkens, McCarthy & Silvestre, 2011). Additionally, social media users have become both consumers and producers and contribute dynamically to communication flow. Thus, when exploring motives of *social media usage*, the 4 C's: *Connect; Create; Consume; Control* (Hoffman & Novak, 2011) express the best the nature of social media: *free exchange of information*.

When considering different beneficial *types of relationships with publics*, research demonstrates that communal (based on long term benefits), exchange (which are most frequent) and convenantal (focusing on common good) relationships are the most searched by organizations (Men, 2012). However, in terms of *relationship cultivation and maintenance*, three strategies in particular seemed to be more relevant: disclosure, openness and transparency (Waters et al., 2009).

Improving change management: dialogic organization development and social web 2.0 tools

The exponential growth of Web 2.0 tools, and especially of social media (from blogs, Facebook and Twitter to LinkedIn and YouTube etc.), offers organizations the chance to join or to start a conversation with millions of customers around the globe anytime. To compete in such globally connected economy, effective use of tools and technology of Internet to market, advertise, and promote products or services is a necessity, whether the organization is IBM, McDonald's, or a small local business (Luther, 2011, p. 237).

The philosophy that should guide the marketing efforts of the organization, requires new techniques and practices in communication covered by *holistic marketing* concept (Kotler & Keller, 2006, p. 16) which recognizes that "everything matters" for marketing, and that a broader, integrated

perspective is vital. The four components of this perspective are (1) relationship marketing, (2) integrated marketing, (3) internal marketing, and (4) socially responsible marketing. Hence, this represents an organizational communication strategy exclusively centered on customers' particular needs and expectations.

Customers leverage different media for satisfying different needs. First, organization must determine its market. A market is a group of potential or current customers that have a similar need or desire (or what organization believe they will want or need) and share a common group of competitors, distribution channels, and packaging (Luther, 2011, p. 10). Strategic planning starts with the markets analysis: from what actual organizational activity to the future one (for maximum profitability). Finally, strategies of using social media need to be knitted together into an approach that spans people, processes and technology to achieve maximum customer benefits.

Many social media definitions suggest the *collaborative* attribute that it plays for an organization. For instance, social media, Internet-based tools that promote collaboration and information sharing (Junco, Helbergert & Loken, 2011) can be used in organizational settings to promote clients engagement and facilitate better organizational learning. Or, social media includes a variety of web-based tools and services that are designed to promote community development through collaboration and information sharing (Arnold & Paulus, 2010; Junco, Helbergert & Loken, 2011). As social media can include blogs, wikis, sharing tools, networking platforms, and virtual worlds, this *collaborative* attribute can take many forms, such as: audio, photo, video, text.

Organizations adopting social web tools mean organizations prepared of change and willing to embrace change. The link between communications and organizational change has been attracting increasing interest, from scholars and practitioners, during the last decade (Johansson & Heide, 2008). In fact, communication has been recognized as relevant dimension to the success of organizational change. Or, even more appealing, change is a communicative challenge for formal and informal networks (Allen et al., 2007). Hence, communication within the context of change has been seen

as a way to inform, involve and even motivate collaborators to participate in the change (Caldwell, 1993).

Yet, during online participation designed to produce dialogic communication the challenge of investigating the authenticity of participation is to make the difference. Summing up, different participation processes may occur within a change implementation: (i) *dialogic participation* (where participants are considered as authentic subjects) or *monologic participation* (where participants are treated just as objects) (Jabri et al., 2008, p. 679).

Communication privacy management: ethics in the participatory culture

The unique participatory nature of social media (users can create, respond to, and share content) has had important impact on the way people use media. More time is spent on social media than on any other online activity (Nielsen, 2012). Bombarded with large streams of information, the individual is actually trying to ease the way to *communicate* by using emails, text messages, chat rooms, online forums, online social networks and other virtual surroundings. Currently *social media usage* plays an important role in communication initiatives to build community. As expected, the rise of social media systems quickly turned the web into a platform of lively discussions and debates (Weinberger, 2011).

Still, participatory culture implies a proactive behaviour on behalf of individuals who are now fulfilling roles of both pertaining production and consumption processes, but not unquestionably in an equal manner (Jenkins, 2006, p. 3). In fact, *free exchange of information* implies: (1) *dialogue* and (2) *transparency*, components of effective organization-public relationships. However, the circulation of media content directly and necessarily depends on “consumer’s active participation” (Jenkins, 2006, p. 3).

Yet, access issues have grown in importance for all SNS users (Lenhart & Madden, 2005). Previous research shows that incorporating others either without any restrictions or allowing only certain categories of people to access an SNS profile and postings is the most common way people utilize an SNS to manage disclosures (Lenhart, 2009; Madden et al., 2007).

Still, there are various ways in which people tend to manage protection of their private information when using social network sites. For some of them, privacy boundaries are very thick, restricting access. For others, their privacy boundaries are very open, allowing high permeability. There are also those who slide between these two extremes depending on their needs, thus adjusting access as necessary (Petronio, 2002).

In defining social network site (SNS), boyd and Ellison (2008) mention three criteria (1) construction of a profile in a system that can be bounded or restricted if desired, (2) inclusion of others with whom they share some type of connection, and finally (3) viewership and surfing capabilities among the list of contacts if desired. As boyd (2014) later emphasized when discussing *privacy* and *publicity* (which were to play crucial roles in the development of social media) individuals care quite deeply about privacy and control.

In this respect, Communication Privacy Management (CPM) represents an evidence-based theory about how people manage private information (Petronio, 2002). Thus, CPM stipulates *five principles* about the privacy management for better understand of both the times when access to the information is granted and when access is denied. The *first principle* states that individuals equate their private information with personal possessions (Child et al., 2009). The *second principle* predicts that because people believe they own their information, they also believe that they have the right to control the flow of the information to others. *Principle three* predicts that people develop and use privacy rules to control the flow of information to others (Petronio, 2002). *Principle four* predicts that once private information is disclosed or others are granted access, the information moves from individual ownership to collective ownership. The *fifth principle* concerns the prediction that if owners and co-owners do not coordinate the privacy rules to regulate information flow, disruption will occur and boundary turbulence will result.

Moreover, even though access and transparency mean permanent information availability, information does not equal communication or vice-versa (Jahansoozi, 2005). Additionally, by using the information processing perspective, public relations professionals engage in: (1) *information assembling* — constructing “frames of information” for these

publics; (2) *information promotion* — making this frames of information known to key publics and (3) *information consuming* — to determine information content or to gain feedback (Vasquez 1996, pp. 71-72). Thus, at an organizational level, SNS activation can help organizations manage their resources strategically; enabling individuals both (1) to locate useful information and (2) to contribute to the internal network by using social networking sites (Steinfeld et al., 2009).

Social Customer Relationship Management into the social web of consumers

The *approach of social media and customer dialog management* confines usage to a *specific* area, such as customer service. With the advent of social media, customer relationship management (CRM) is even more important to organizations today, as they strive to keep their customers from “straying” to opposing organizations.

The millions of users linked from all over the world (though social media) can be translated (at the organizational level) into *all level of consumers*. On one hand, social media works as an effective CRM, giving organizations the opportunity to talk with their clients. On the other hand, social media for customer dialog is definitely related to the impact of social media on consumer behavior, as social media has influenced consumer behavior from information acquisition to post-purchase behavior such as dissatisfaction statements or behaviors about a product or a organization (Mangold & Faulds, 2009). Technology gives consumer the power to investigate products and services) and criticize them (if having reasons).

Social media can make it much easier for organization the process of learning about their customers. Correspondingly, organizations should find out what their consumers would like to hear, or talk about, and what they might find interesting, enjoyable, and valuable. Then, the organization should go about developing and posting content that fits those expectations (Kaplan & Haenlein, 2010, p. 66).

Social CRM (SCRM), the combination of social media and CRM (Woodcock et al., 2011, p. 52), is very individually focused, therefore: (1) it is important to make the consumers feel that they are important to your

organization (as CRM deals with building trust) and (2) it supports the whole customer lifecycle, and should lead to increased sales and decreased costs if implemented correctly (Woodcock et al., 2011, p. 55).

Clients' engagement through social media can increase connections to create a virtual community which leads to better content sharing. Due to the advantages of social media in connecting businesses directly to end-consumers, in a timely manner and at a low cost (Kaplan & Haenlein, 2010), a great influence on customer perceptions and behaviors has been noticed (Williams and Cothrell, 2000). As a consequence, social media use for customer dialog has been brought in the center of attention in different industries in the last few years.

The impact of connectedness on loyalty and retention strategies

As shown so far, social media can be seen as activity and practice between human groups who share information, knowledge and opinion online. This interactive media improves connectedness between members of the groups. Thus, considering Web 2.0 a set of online application controlled by users (Constantinides & Fountain, 2008), discussing the impact of connectedness on loyalty and retention strategies drawn by organizations is essential. In fact, the impact on loyalty and retention stays, mainly, in the *controlled* aspect of Web 2.0.

While CRM is defined as a process which helps in profiling prospects, understanding their needs, and in building relationships with them by providing the most suitable products and enhanced customer service, SCRM (the combination of social media and CRM) is described as the business strategy of engaging customers through social media with the goal of building trust and brand loyalty (Woodcock et al., 2011, p. 52).

An important step in the CRM process is that of retaining consumers. In fact, retaining customers is the prerequisite for learning and building relationships with them (Kierzkowski et al., 1996). Social media offers organizations the opportunity to learn about the customer they are talking to. In this way, the organizations that are using SCRM are able to provide interesting and valuable content on social media sites – an important tactic for retaining customers (Chan & Guillet, 2011, p. 365). Furthermore,

beyond the building relationships with customers, there is a strong correlation between high customer-retention rates and sustainable profits (Murphy et al., 2003, p. 73), which justifies why social media should be considered a key element in CRM.

Developing and cultivating relationship strategies on Web 2.0 brought many researches to life, researches that are important to knowledge in the field. However, researches can be carried out in a number of ways (depending, amongst other reasons, on the methodology and the purpose of the paper). In this respect, social network site (SNS), with their specific features and functionalities, should be approached differently when conducting a research. Considering the potential of *social media* in harnessing effective and positive relationships based on interactivity and engagement between organizations and their publics, this paper focuses on identifying how Romanian banks (those who are present on Facebook, as the world's biggest social network) are developing collaborative partnership with their publics and whether specific cultivation strategies (such as openness and interactivity) used when online communicating, are enhancing and building genuine relationships by creating consumer experiences (Social CRM).

Research questions

Developing and cultivating relationship strategies on Web 2.0 brought many researches to life, researches that are important to knowledge in the field. Researches can be carried out in a number of ways (depending, amongst other reasons, on the methodology and the purpose of the paper). In this respect, Facebook pages, with their specific features and functionalities, should be approached differently when conducting a research. Considering the potential of Facebook activity in harnessing effective and positive relationships based on interactivity and engagement between banks and their publics, this paper focuses on identifying how the most active Romanian banks on Facebook are developing collaborative partnership with their publics and whether specific cultivation strategies (such as usefulness of information and interactivity) used on Facebook, are enhancing and building genuine relationships by creating consumer experiences.

Therefore, the case is represented by the most visible (in terms of interactivity and online response rate) social media actions driven by Romanian banks on their Facebook Pages and the research questions of the paper are:

R1: How Romanian banks build online relationship through their Facebook Pages activity?

R2: Do the negotiated meanings and expectations are clarified as the base of the interactive exchanges?

Methodology

This research is based on a qualitative case study on Romanian banks with active presence on Facebook, as the largest social network by number of users (with more than 7,200,000 active accounts in Romania according Facebrands.ro, accessed on 18 June 2014). Therefore, the case is determined by the most visible (in terms of interactivity and online response rate) social media actions driven by Romanian banks on their Facebook Pages (from 1 May 2014 to 13 July 2014). Given the fact that the research is based on specific online statistics concerning activities on Facebook, offered by fbMonitor (Analytics and Monitoring Tool for Facebook Pages), a tool launched as part of Zelist in May 2014, the above mentioned period of conducting the research is justified. Thus, several relevant social media actions from the banking are used to illustrate the results an organization can achieve when using Social CRM to enhance customer relationship. When analyzing the selected banking social media actions we looked out for the connection between that specific shared content and the bank's product. In doing so, we were investigating ways in which Romanian banks are developing relationships by creating consumer experiences (Social CRM). Moreover, this customer experience can be seen as an opportunity for insight and shaping new markets. Besides this investigation of the most visible Facebook posts (from 1 May 2014 to 13 July 2014), the rebranding campaign of ABN Amro Bank from 2009 (a campaign which received at that time PR Golden Award for Excellence) is discussed as an example of strategically managed resources at organizational level (Praward.ro, 2009).

As we are interested in looking at the same issue (the most visible social media actions driven by Romanian banks on their Facebook Pages), but

we were intrigued by the different online relationship strategies driven by banks when posting on their Facebook Pages, then a holistic case study with embedded units enables us to explore the case while considering the influence of the various strategies and associated attributes on the audience's decision making (Social CRM). Therefore, we look at sub-units (see Code Book: Measuring Online Relationship Cultivation Strategies) that are situated within the larger case in three steps: (1) data is analyzed within the subunits separately (within case analysis), (2) data is analyzed between the different subunits (between case analysis), and (3) across all of the subunits (cross-case analysis).

The units of analysis of this research paper were firstly the Facebook pages (as a mark on Romanian banks social media presence) and, mainly, specific Facebook posts (statuses and shares) by banks pages. The sample of specific Facebook posts selected have in common the large visibility gained (as they are the most visible ones from the mention period of analysis), but, interestingly, this case analysis investigate the differences that operates between them.

Results

R1: How Romanian banks build online relationship through their Facebook Pages activity?

Addressing *online communication* while building relationship through Facebook, Romanian banking sector generated in May 2014 nearly 13,000 online appearances via owned Facebook pages, with 24% fewer than in April, and a viewership of over 24 million. Furthermore, network visibility in banking increased from the previous month on blogs and forums with 1%, but decreased both in online media by 29% and social networks by 18%. (IQads.ro, 2014) In Romania, Facebook is the largest social network by number of users with more than 7.200.000 active accounts (Facebrands.ro, 2014). Hence, Romania ranks the top 35 countries in the world by number of users, according to data provided by Facebrands.ro and Quintly.com (Wall-street.ro, 2013). Thinking of these active users in terms of potential audience for banking sector, 60% of them are young

people aged 18-34 years (*idem*). In this respect, banks efforts invested in growing Facebook Pages is justified.

A brief activity overview in Romanian Banks (see Figure 1 in Annex 1) shows for 7-13 July 2014 increasing rates for *Fans Interaction* and *Average Response*. Moreover, concerning the type of content shared by banks on Facebook (for the above mentioned period), *Text Content* is the most shared one (Total Posts: 107, Total Links: 25, Total Statuses: 21), followed by *Video Content* (Total Photos: 57, Total Videos: 4). These figures show banks inclination towards a type of online communication that involves creating content, rather than sharing an existing one.

In addition, when considering the second and third criteria mentioned by boyd and Ellison (2008) in defining social network sites (see *Communication Privacy Management: Individual and Organizational Ethics in the Participatory Culture*) for banking sector communication, from a Fan Base of 1,205,859 for 7-13 July 2014, only 8,444 are *Active Fans*, and, more specifically, just 39 represent *Super Fans* (see Figure 1 in Annex 1). Thus, having a *Fan Base* on any social network site does not assure the interaction and create, by default, an active community around the brand.

Curiously, the findings about online communication of Romanian banking sector actors for the last two years represented a period of consistent actions and different trials effectuated by Romanian banks in order to attract their online publics. Hence, the connection between *improving change management* and *social web 2.0 tools* (see *Improving change management: Dialogic Organization Development and Social Web 2.0 tools*) can be expressed by two representative examples. One example is *Facebook Log Out Experience Campaign* made by BCR (see Figure 2 in Annex 2) which had a great impact (see Figure 3 in Annex 3), being the first such Facebook campaign launched in Romania. Another example to be mentioned here is the case of Banca Transilvania who enabled the service of sending money to the loved one though your Facebook account (Dailybusiness.ro, 2013). All you need is to have a Banca Transilvania active account and a Facebook Account. A Facebook account is so easy to have (more than 7.200.000 romanians already have one), so *make a Banca Transilvania account* – could be the “backstage campaign message”. This

later example is well expressing the banks initiative to get closer to their clients. As a bank representative suggested, this type of service was created as a belief in the correlation between banking and technology, as in the future the alternative channels will cover much of the traditional ones area. (Dailybusiness.ro, 2013) Also, Banca Transilvania has launched two other facilities: money transfers via SMS and email (Dailybusiness.ro, 2013). Thus, giving clients the opportunity to choose the facility that is at hand.

Moreover, SNS activation at an organizational level (in the context of information and networked society) can help organizations manage their resources strategically (Steinfeld et al, 2009); being a useful tool in bridging internal and external publics of the organization. Hence, an appropriate example of strategically managed resources at organizational level is the case of ABN Amro Bank rebranding campaign from 2009 when it became RBS Romania, a campaign which received at that time PR Golden Award for Excellence (Praward.ro, 2009). This campaign engaged both internal and external publics through the following communication channels distribution: (1) *internal communication*: local network Intranet, E-mail, Insite – international network intranet, face to face meetings and special events and (2) *external communication*: special events for the three target audiences in the campaign (employees; the press; existing and prospective corporate and retail clients), print, online, radio, TV, one to one meetings with the press, press release. Interestingly, the online component in this rebranding campaign took part on both levels: internal and external and completed the media mix.

With the concept of *mutual trust* (Woodcock et al., 2011, p. 53) in mind, in Romanian banking sector, players on Facebook are the most important banks (see Figure 4 in Annex 4). Interestingly, from the 8.444 *Active Fans* for 7-13 July 2014 (see Figure 1 in Annex 1), ING Web Cafe (top 1 player for the period mentioned above) has almost half of these active fans, more specifically: 4.123 *Active Fans* (see Figure 4 in Annex 4), followed by Garanti Bank with 2.059 *Active Fans*. Furthermore, looking at engagement figures by days (see Figure 4 in Annex 4), we can easily notice that Tuesday, Wednesday, Thursday and even Friday are the most interactive days of the week.

When analyzing loyalty and retention strategies through Facebook pages by Romanian banks we first look at the top content (see Figure 5 in Annex 5) in order to highlight the types of content that engage users and, secondly, to look out for the connection between them and the bank's products. Hence, the most visible and the one with the greatest engagement rate is the status provided by Garanti Bank where users are invited to write down in a comment who they think will win the World Cup 2014 and they can win a shopping voucher of 200 Lei (see Figure 5 in Annex 5).

Concerning this status, above analyzed, more than the strategies for communication practitioners to engage client in conversation, we talk about contextual framing as a starting point of online discourse by making the significance of the publication date (around the World Cup 2014) the reason of the status itself and giving users the chance to win shopping money. Contextual frames are presumably built up through real-world experiences, and subsequently influence how we perceive and predict the social world (Levanthal & Scherer, 1987; Bar, 2004). Hence, contextual framing enhances the impact of the message. Moreover, contexts may also operate as nodes by which common events are organized in memory (Anderson & Bower, 1972; Bar & Aminoff, 2003). What is the connection of this type of contest organized by banks with the bank's products? Clearly, there is no direct connection, but, at the same time, would be difficult for a bank to directly, promote its products. Thus, the link with bank's products is assured by the presence of money, as money represent the direct indicator when talking about banks. Furthermore, the second most visible content for the mentioned period came from ING Web Cafe (see Figure 6 in Annex 6). This time the content refers to a *Text Content* with *Link* (as the categories mentioned in Figure 1 in Annex 1) and refers to a urban project that the bank is supporting. What is the connection of this type of content with the bank's products? None. This type of content expresses the ING Bank social interest for the community well-being, as part of this community along with its clients (online users).

R2: Do the negotiated meanings and expectations are clarified as the base of the interactive exchanges?

Given the purpose of this paper, interestingly, the most visible Facebook posts by Romanian banks, in May 2014, had different approaches and messages (see Figure 6 in Annex 6 and Figure 7 in Annex 7). They come from ING Web Café and Garanti Bank. On one hand, first one represents a status based on contextual framing, created by making the significance of the publication date (1st May - International Workers' Day, a national public holiday in Romania) the reason of the status itself, as follows: *"We love International Workers's Day almost as much as the work itself!"* Afterwards, as the contextual framing is assured, the status announces how ING Web Café thought to celebrate with their online public the International Workers' Day: *"Guess all jobs in the picture until Saturday, May 3 at 20:00, and you can win a voucher of 100 Lei to use it in Carturesti bookstore. The first person correctly listing all occupations in the picture and posting the answer as a comment on this picture will be awarded (in case no one guesses all occupations, the prize will go to the first person who found most occupations). Edited answers will not be counted. Good luck!"* (see Figure 1 in Annex 1) Hence, ING Web Café greets its online public with an interesting and updated content by asking them to play the guessing game. As the case of Garanti Bank status (mentioned in the first part of this section) (see Figure 5 in Annex 5), where users are invited to write down in a comment who they think will win the World Cup 2014, this status is also based on contextual framing, created by making the significance of the publication date (around the *International Workers's Day*). Thus, while the first post (see Figure 1 in Annex 1) received 1093 likes, 72 shares and 226 comments, the second one (see Figure 2 in Annex 2) is just half of the results, naming: 667 likes, 19 shares and 43 comments.

Concerning negotiated meanings and expectations clarified as the base of interactive exchanges (D. Carless, 2013, p. 90), ING Web Café in the above analyzed status offers both contest rules participation in mentioned competition and the mechanism of interaction for people interest in participating.

On the other hand, the latter represents a status which communicates one Garanti Bank employee success in the Romanian business environment, as follows: *"Our colleague, Anca Motca, Deputy General Manager of Garanti Bank, last night won one of the ten prizes awarded for best performing young managers in the Romanian business environment. Congratulations, Anca, we*

are proud that you are part of our team! More details on Ziarul Financiar: <http://bit.ly/1jUwAtf>.” (see Figure 7 in Annex 7).

Addressing the subject of critical and softened feedback (*idem*), on Garanti Bank status above mentioned (see Figure 7 in Annex 7), one of the 43 comments brings into question a problem that one client is experiencing with a Garanti Bank employee, as follows: *“CONGRATULATIONS! Dear Madam I am a faithful Garanti Bank client who has a problem with headquarters Rotondo in Craiova: the director and an employee Cristina who is not involved in my problems at all. I please ask seriousness if not from their part, at least from yours. Regards.”* Thus, this represents an appropriate example of bank’s willingness to be vulnerable to their clients and a situation that needs to be properly managed and give a solution to the client’s complaint.

Again, referring to the reaction to Garanti Bank status, it expresses well this abandoned illusion of *control* suggested by Grunig (2009) as an indicator for organizational online communication accumulating the strategic dimension based on two-way and interactive communication. Hence, the web turned into a platform of lively discussions and debates (D. Weinberger, 2011) made possible the interaction of one Garanti Bank client having problems with specific employee, as discussed above (see Figure 7 in Annex 7).

Limitations of the research

This research can serve as a pilot study for investigating the ways banks from Romanian landscape are using Facebook pages in order to develop relationship cultivation strategies with their customer and other larger publics. Other possible research topics could include investigating the internal and external use of social network sites by banks. In this respect, one of the main methodological limitations of this research is the sample size which is not large enough to ensure a representative a set of conclusive results.

Given the purpose of this paper: identifying how Romanian banks present on Facebook are developing collaborative partnership with their publics

and whether specific cultivation strategies (such as usefulness of provided information and interactivity) used when online communicating, are enhancing and building genuine relationships by creating consumer experiences (Social CRM), the measure used to collect the data could have inhibited researcher's ability to conduct a thorough analysis of the results. In retrospect, a quantitative analysis researching a significant sample of Facebook Pages could have given new dimensions to the results of the study.

Discussions

As shown so far, social media websites provide an opportunity for businesses to engage and interact with potential consumers, encourage an increased sense of intimacy with consumers, and build all important relationships with potential consumers. (Mersey et al., 2010) Many organizations started out with basic online communication offer for their clients, such as creating social media accounts and pages, than creating content, and have now graduated to playing the role of social media consultants for themselves. The evaluation and continuous monitoring of *social media activity* help companies converse in the proper context with the right audience and close business with customers. Importance of evaluation for insights and shaping new markets is crucial.

Moreover, through the use of SCRM a company can get to know their high value customers, and then proceed to market accordingly to those customers (Woodcock et al., 2011, p . 56). In fact, this creates a sense of trust between organization and the consumer, and it can also lead to shaping new markets. Many companies have turned to social media for help in understanding who they are interacting with, what users like and how to create communication to reach out to the right audience. Besides shaping entry strategies in new markets, by using SCRM organizations mine millions of real-time social media conversations to identify top influencers in their segment of interest. In fact, analyzing the volume of direct conversations around specific topics or about topics that are related could be, also, a technique of gathering information in order to get directions in shaping entry strategies in new markets. Not only companies are using conversations on social media platforms to shape entry strategies

in new markets, these *new markets* also could mean new country (if considering the mobility facilitated by *social media*).

For instance, the two new services driven by Banca Transilvania, namely: (1) the service of sending money to the loved one through your Facebook account (Dailybusiness.ro, 2013) and (2) money transfers via SMS and email (Dailybusiness.ro, 2013) represent clear actions of SCRM techniques used to contribute to retention and loyalty of customers.

Merely being present on social media is no longer sufficient for those banks that are looking for help in decoding social chatter for business gain. These banks are using insights gained from efficient results (called *conversations*) on Facebook, Twitter and other social media platforms to shape entry strategies in new markets, and communicate directly with target groups.

Social media are truly all about conversations, that's why banks need to create targeted communication, ideally creating the feeling for the customer of being in a one-on-one relationship with the bank.

Conclusions

The main purpose of this study was to identify how Romanian banks (those who are present on Facebook, as the world's biggest social network) are developing collaborative partnership with their publics and whether specific cultivation strategies (such as usefulness of provided information and interactivity) used when online communicating, are enhancing and building genuine relationships by creating consumer experiences (Social CRM). As Social CRM is about information, leverage, connections, conversations, discovery, and amplification, the paper focuses on specific communication strategies for cultivating and maintaining organizational-public relationship (OPR), such as *openness* and *interactivity*. In this respect, this study was focused on identifying if banks use specific relationship cultivation strategies on their Facebook Pages in order to enhance customer relationship.

As a synthesis of the results, Romanian banks use Facebook Pages in order to be close to their customers (in terms of being present were they are), not with the first purpose in mind of communicating their services and/or products. Moreover, social media acts like a real-time support in understanding banking customers and addressing their needs, either for retention or loyalty programs (see the cases of the two new services introduced by Banca Transilvania in 2013).

References

- Allen, J., James, A.D., Gamlen, P., and West, B.S. (2007). Formal versus informal knowledge networks in RandD: a case study using social network analysis. *RandD Management*, 37(3), 179–196.
- Anderson, J., and Bower, G.H. (1972). Recognition and retrieval processes in free recall. *Psychological Review*, 79, 97–123.
- Arnold, N., and Paulus, T. (2010). Using a social networking site for experiential learning: Appropriating, lurking, modeling and community building. *Internet and Higher Education*, 13(4), 188–196.
- Bar, M. (2004). Visual objects in context. *Nature Reviews Neuroscience*, 5(8), 617–629.
- Bar, M., and Aminoff, E. (2003). Cortical analysis of visual context. *Neuron*, 38(2), 347–58.
- Botan, C. (1992). International public relations: critique and reformulation. *Public Relations Review*, 18(2), 127–136.
- Botan, C., (1997). Ethics in strategic communication campaigns: the case for a new approach to public relations. *Journal of Business Communication*, 34(2), 188–202.
- boyd, d.m., and Ellison, N.B. (2008). Social network sites: Definition, history, and scholarship. *Journal of Computer-Mediated Communication*, 13(1), 210–230.
- boyd, d.m., (2014). *It's complicated : the social lives of networked teens*. New Haven, London: Yale University Press.
- Cardwell, R. (1993). Is Anyone Listening? Communicating Change to Employees. *Journal of Strategic Change*, 2, 83–87.
- Carless, D. (2013). Trust and its role in facilitating dialogic feedback. In D. Bound and L. Molloy (Eds.), *Effective Feedback in Higher and Professional Education* (pp. 90–103). London: Routledge.

- Chan, N.L., and Guillet, B.D. (2011). Investigation of Social Media Marketing: How Does the Hotel Industry in Hong Kong Perform in Marketing on Social Media Websites?. *Journal of Travel and Tourism Marketing*, 28(4), 345-368.
- Child, J.T., Pearson, J.C., and Petronio, S. (2009). Blogging, communication, and privacy management: Development of the blogging privacy management measure. *Journal of the American Society for Information Science and Technology*, 60(10), 2079-2094.
- Chu, S., and Kim, Y. (2011). Determinants of consumer engagement in electronic word-of-mouth (eWOM) in social networking sites. *International Journal of Advertising*, 30(1), 47-75.
- Constantinides, E., and Fountain, S. (2008). Web 2.0: Conceptual Foundations and Marketing Issues. *Journal of Direct, Data and Digital Marketing Practice*, 9(3), 231-244.
- Grunig, J.E., and Hunt, T. (1984). *Managing Public Relations*, New York: Holt, Rinehart and Winston, Fort Worth, TX.
- Grunig, J.E. (2009). Paradigms of global public relations in an age of digitalisation. *PRism*, 6(2). Retrieved from www.prismjournal.org/fileadmin/Praxis/Files/globalPR/GRUNIG.pdf.
- Hoffman, D.L., and Novak, T.P. (2011). *Why Do People Use Social Media? Empirical Findings and a New Theoretical Framework for Social Media Goal Pursuit*. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1989586.
- Jabri, M., et al. (2008). Reconsidering the role of conversations in change communication. A contribution based on Bakhtin. *Journal of Organizational Change Management* 21(6), 667-685.
- Jahansoozi, J. (2006). Relationships, transparency and evaluation: the implications for public relations. In L'Etang, J., and Pieczka, M. (Eds.), *Public Relations: Critical Debates and Contemporary Practice* (pp. 61-92). Mahwah, NJ: Lawrence Erlbaum Associates.
- Jenkins, H. (2006). *Convergence Culture: Where Old and New Media Collide*. New York: New York University Press.
- Johansson, C., and Heide, M. (2008). Speaking of change: three communication approaches in studies of organisational change. *Corporate Communications: An International Journal*, 13(3), 288-305.
- Junco, R., Helbergert, G., and Loken, E. (2011). The effect of Twitter on college student engagement and grades. *Journal of Computer Assisted Learning*, 27(2), 119-132.

- Kaplan, A.M., and Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business Horizons*, 53(1), 59-68.
- Kent, M.L., and Taylor, M. (1998). Building Dialogic Relationships through the World Wide Web. *Public Relations Review*, 24(3), 321-334.
- Kent, M.L., and Taylor, M. (2002). Toward a dialogic theory of public relations. *Public Relations Review*, 28(1), 21-37.
- Kierzkowski, A., McQuade, S., Waitman, R., and Zeisser, M. (1996). *Marketing to the Digital Consumer. The McKinsey Quarterly*, 1996(3), 5-21.
- Kietzmann, J.H., Hermkens, K., McCarthy, I.P., Silvestre, B.S. (2011) Social Media? Get serious! Understanding the functional building blocks of social media. *Business Horizons* 54(3), 241-251.
- Kotler, Ph., and Keller, K.L. (2006). *Marketing Management* (Twelfth Edition). New Jersey: Pearson Education, Inc..
- Lenhart, A., and Madden, M. (2005). *Teen content creators and consumers*. Retrieved from <http://www.pewinternet.org/2005/11/02/teen-content-creators-and-consumers/>
- Lenhart, A. (2009). *Adults and social network websites*. Retrieved from <http://www.pewinternet.org/2009/01/14/adults-and-social-network-websites/>
- Levanthal, H., and Scherer, K. (1987). The relationship of emotion to cognition: A functional approach to a semantic controversy. *Cognition and Emotion*, 1(1), 3-28.
- Luther, W. (2011). *The Marketing Plan. How to Prepare and Implement It* (4th Edition). New York, Atlanta, Brussels: Amacom.
- Madden, M., Fox, S., Smith, A., and Vitak, J. (2007). *Digital footprints*. Retrieved from the Pew Internet and American Life Project Website: <http://www.pewinternet.org>
- Mangold, G., and Faulds, D., (2009). Social media: The new hybrid element of the promotion mix". *Business Horizons*, 52(1), 357-365.
- Men, L.R. (2012). Revisiting the Continuum of Types of Organization-Public Relationships: From a Resource-Based View. *Public Relations Journal*, 6(1). Retrieved from <http://www.prsa.org/intelligence/prjournal/documents/2012men.pdf>.
- Mersey, R.D., Malthouse E., and Calder, B. (2010). Engagement with Media. *Journal of Media Business Studies*. 7(2), 39 -56.
- Michel, S., Brown, S.W., and Gallan, A.S. (2008). Service-Logic Innovations: How to Innovate Customers, not Products (Forthcoming). *California Management Review*, 50(3), 54-66.

- Murphy, J., Olaru, D., Schegg, R., and Frey, S. (2003). Swiss Hotels' Web-site and E-mail Management: The Bandwagon Effect. *Cornell Hospitality Quarterly*, 44(1), 71-87.
- Nielsen (2012). *State of the Media – the Social Media Report 2012*. Retrived from <http://www.nielsen.com/us/en/insights/reports/2012/state-of-the-media-the-social-media-report-2012.html>
- Petronio, S. (2002). *Boundaries of privacy: Dialectics of disclosure*. New York: State University of New York Press.
- Petronio, S. (2006). Communication privacy management theory: Understanding families. In D.O. Braithwaite and L.A. Baxter (Eds.), *Engaging theories in family communication: Multiple perspectives* (pp. 35–49). Thousand Oaks, CA: Sage.
- Pine, J.B., and Gilmore, J.H. (1999). *The experience economy: Work is theatre and every business a stage*. Baston: Harvard Business School Press.
- Steinfeld, C., DiMicco, J.M., Ellison, N.B., and Lampe, C. (2009). Bowling online: social networking and social capital within the organization. *Proceedings of the fourth international conference on Communities and Technologies* (pp. 245-154). University Park, PA, USA, June 25-27, 2009. New York: CandT '09. ACM.
- Tschannen-Moran, M. (2004). *Trust matters: leadership for successful schools*. San Francisco: Jossey Bass.
- Vasquez, G.M. (1996). Public Relations as Negotiation: An Issue Development Perspective. *Journal of Public Relations Research*, 8(1), 57-77.
- Waters, R.D., Burnett, E., Lamm, A., and Lucas, J. (2009) Engaging stakeholders through social networking: How non-profit organizations are using Facebook. *Public Relations Review*, 35(2), 102-106.
- Weinberger, D. (2011). *Too Big to Know: Rethinking Knowledge Now That the Facts Aren't the Facts, Experts Are Everywhere, and the Smartest Person in the Room Is the Room*. New York: Basic Books.
- Williams, R.L., and Cothrell, J. (2000). Four smart ways to run online communities. *Sloan Management Review*, 41(4), 81-91.
- Woodcock, N., Green, A., and Starkey, M. (2011). Social CRM as a business strategy. *Journal of Database Marketing and Customer Strategy Management*, 18(1), 50-64.

Online resources

Dailybusiness.ro. Retrieved from <http://www.dailybusiness.ro/stiri-finante-banci/clientii-bancii-transilvania-pot-face-plati-prin-facebook-vezi-cum-transfera-bani-prietenilor-95932/>.

Facebrands.ro. Retrieved from www.facebrands.ro.

Iqads.ro. Retrieved from <http://www.iqads.ro/articol/29892/cele-mai-populare-postari-de-pe-facebook-ale-brandurilor-de-banci-si-asigurari>.

Marketing20.ro. Retrieved from <http://marketing20.ro/rezultatele-primeii-campanii-facebook-logout-experience.html>.

Prawards.ro. Retrieved from <http://www.praward.ro/castigatori/2009/comunicare-corporatista/item/171-abn-amro-devine-rbs-romania-campanie-de-rebranding-golden-award-for-excellence>.

Wall-street.ro. Retrieved from <http://www.wall-street.ro/articol/New-Media/150594/romania-in-top-35-state-ca-numar-de-utilizatori-facebook.html>.

Zelist.ro. Retrieved from <http://www.zelist.ro/fb/domains/banci>.

Code Book: Measuring Online Relationship Cultivation Strategies

Unit of analysis: Facebook post
Organization name: Fill in the bank name - first 4 letters

1. Facebook administration rules for writing on the Page wall:

1 – Only admins are allowed to post

0 – Fans are allowed too

Facebook Post characteristics and the generated visibility

2. Type of post:

1 - News

2 - Reports

3 - Press Releases/Events

4 - Campaigns

5 - Polls/Questionnaires

6 - Multimedia (taken from other sources)

7- Multimedia (original)

- 8 - Links to website
- 9 - Simple text article
- 10 - Promotion/prizes

3. Indicate the nature of analyzed Facebook post:

- 1 – Update related to the banking products and/or services
- 2 – Update related to a CSR campaign the bank is part in
- 3 – Update with online audience oriented message (with no relation to the banking products and/or services)

4. No. of likes

- 0 - 0 likes
- 1 - Between 1-49
- 2 - Between 50-99
- 3 - Between 100-199
- 4 - Between 200-499
- 5 - More than 500

5. No. of comments

- 0 - 0 comments
- 1- Between 1-49
- 2 - Between 50-99
- 3 - Between 100-199
- 4 - Between 200-499
- 5 - More than 500

6. No. of shares

- 0 - 0 shares
- 1 - Between 1-49
- 2 - Between 50-99
- 3 - Between 100-199
- 4 - Between 200-499
- 5- More than 500

7. Disclaimer (negotiated meanings and expectations clarified as the base of the interactive exchanges)

3 - High: Provides a consistent guideline/disclaimer within the Facebook post with rules of interaction with the bank and other users on the Facebook (the mechanism of interaction for people interest in participating).

2 - Medium: Provides a short guideline/disclaimer with rules of interaction with the bank and other users via a link within the Facebook post

1 - Low: Provides some rules of interaction within the Facebook post

0 - Not available: Does not provide any disclaimers.

Relationship strategies on Web 2.0

Openness

8. Usefulness of information

3 - High: The Facebook post provides detailed information about subject it addresses and users need it it

2 - Medium: The Facebook post provides detailed information about subject it addresses

1 - Low: The Facebook post provides little information about subject it addresses

0 - Not available: The Facebook post represents just a share from other pages or Facebook users

Interactivity

9. Originality

3 - High: The Facebook Post content is entirely original, fully created by the bank (even and multimedia part: image and/or video).

2 - Medium: The Facebook Post content is partly original (multimedia part: image and/or video is not created by the bank).

1 - Low: Most multimedia is taken from third party sources, but the post includes some originality.

0 - Not available: The entire Facebook Post content is taken from other sources.

10. Immediacy of response

3 - High: Users` comments are answered immediately after they were posted.

2 - Medium: Users` comments are answered within the same day of their posting

1 - Low: Users` comments are answered the next days after their posting.

0 - Not available: Users` comments are not being answered.

11. *Dialogue stimulation*

3 - High: The Facebook Post incentivizes users to respond to questions or to take part to contest driven by the bank.

2 - Medium: The Facebook Post incentivizes to respond to general question (with no contest part included)

1 - Low: The Facebook Post incentivizes (calls-to-responses) users to answer to a short question (being provided no multimedia content)

0 - Not available: The Facebook Post does not provide any feature to collect information from the users/ let the user express his opinion.

12. *Human Voice*

3 - High: The administrator (or administrators) of the page reveal their name when responding to users. Their contact details and full name of the people who administrate the page are provided at the Contact section

2 - Medium: The administrator (or administrators) of the Facebook Page reveal their name when responding to users

1 - Low: The administrator (or administrators) provide their contact details in the Contact section, but still use their brands' name when interacting with other users on the page.

0 - Not available: The organizational voice is constantly present, without any name of an administrator

Annexes

ANNEX 1

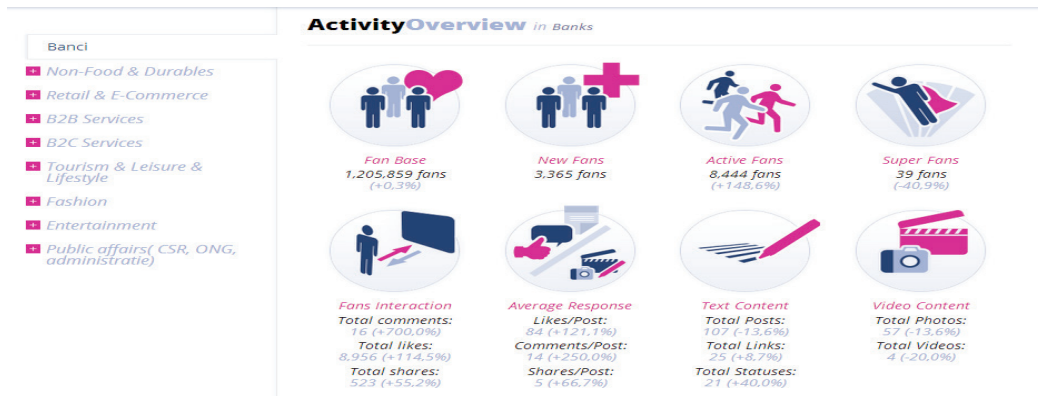


Figure 1. Activity Overview on Facebook in Romanian banking sector (fbMonitor - <http://www.zelist.ro/fb/domains/banci>)

ANNEX 2

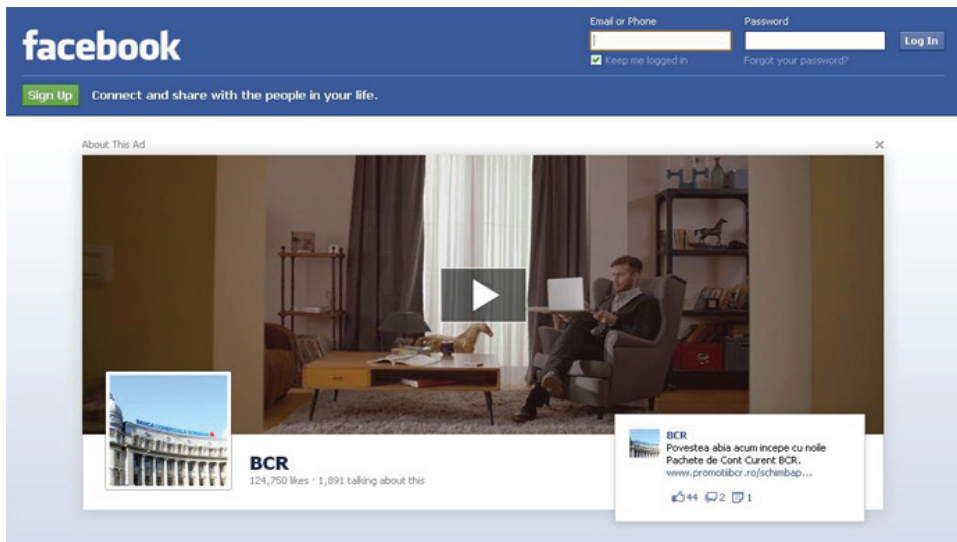


Figure 2. BCR Facebook Logout Experience Campaign in Romania (<http://marketing20.ro/rezultatele-primei-campanii-facebook-logout-experience.html>)

ANNEX 3

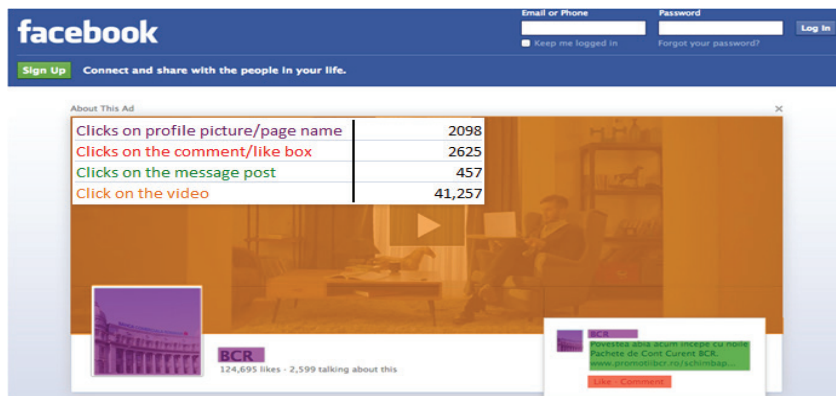


Figure 3. Results of BCR Facebook Logout Experience Campaign
<http://marketing20.ro/rezultatele-primeii-campanii-facebook-logout-experience.html>

ANNEX 4

TopPlayers in Banks

Top Players	Talking	Active	Day	Posts	Likes	Comm	Shares
ING Web Café	4377	4123	Mon	21	529	17	8
Garanti Bank	3513	2059	Tue	18	1552	1401	338
Vlata Fara CASH	1683	1372	Wed	17	3646	21	89
Plaeus Bank Romania	1506	592	Thu	15	838	7	10
BRD Groupe Societe Generale	611	204	Fri	16	1805	15	70
BCR	454	202	Sat	9	143	3	0
Banca Transilvania	307	190	Sun	11	550	10	8
Bancpost	226	54	"Posts" by time of day				
Raffelsen Bank Romania	168	52	morning (6-12)				39
UniCreditTiriacBank	98	35	after noon (12-18)				48
			evening (18-24)				20
			nights (24-6)				0

Figure 4. Top Players on Facebook in Romanian banking sector (fbMonitor - <http://www.zelist.ro/fb/domains/banci>) ANNEX 5

TopContent in Banks



Participa la concurs si castiga un voucher de cumparaturi in valoare de 200 lei. Spune-ne intr-un comentariu ce echipa va castiga Cupa Mondiala si daca ai ghicit premiul poate fi al

Garanti Bank



Poveste Urbana - Scrie istoria caselor din jurul tau! Descopera povestile caselor vechi si contribuie si tu la cel mai frumos ghid urban pentru smartphone. povestebana.gandul.info

ING Web Café



Implinim 20 de ani si cautam Inaltatori de Zmeie de varsta noastra! Daca ai o idee de afaceri/proiect/pasiune pentru antreprenoriat cultural, design, ecoturism, arhitectura si tehnologie

ING Web Café



Cu Viata fara CASH esti mai aproape de orice experienta de relaxare pe care ti-o doresti. Plateste de cel putin 5 ori prin oricare dintre metodele Smart Banking si poti castiga masina

Viata Fara CASH



Intra acum in Colectia de experiente si raspunde la provocarea lunii cu o super experienta pe care o poti castiga pe Viata fara CASH!
https://facebook.com/ViataFaraCash/app_6992466401

Viata Fara CASH



Participa la crearea celei mai tari colectii de experiente care se pot castiga pe Viata fara CASH si o tableta Samsung Galaxy Tab poate fi a ta!
https://facebook.com/ViataFaraCash/app_6992466401

Viata Fara CASH

Figure 5. Top Content on Facebook in Romanian banking sector (fbMonitor - <http://www.zelist.ro/fb/domains/banci>)

ANNEX 6



Figure 6. The most popular Facebook Post on ING Web Cafe Facebook Page in May 2014

(IQAds.ro - <http://www.iqads.ro/articol/29892/cele-mai-populare-postari-de-pe-facebook-ale-brandurilor-de-banci-si-asigurari>)

“Most popular posts by Banks and Insurance brands on Facebook in May 2014”

Status translation:

We love International Workers's Day almost as much as the work itself! Guess all jobs in the picture until Saturday, May 3 at 20:00, and you can win a voucher of 100 Lei to use it in Carturesti bookstore. The first person correctly listing all occupations in the picture and posting the answer as a comment on this picture will be awarded (in case no one guesses all occupations, the prize will go to the first person who found most occupations). Edited answers will not be counted. Good luck!

ANNEX 7



Figure 7. The most popular Facebook Post on Garanti Bank Facebook Page in May 2014 (IQAds.ro - <http://www.iqads.ro/articol/29892/cele-mai-populare-postari-de-pe-facebook-ale-brandurilor-de-banci-si-asigurari>)

“Most popular posts by Banks and Insurance brands on Facebook in May 2014”

Status translation:

Our colleague, Anca Motca, Deputy General Manager of Garanti Bank, last night won one of the ten prizes awarded for best performing young managers in the Romanian business environment. Congratulations, Anca, we are proud that you are part of our team! More details on Ziarul Financiar: <http://bit.ly/1jUwAtf>”

Against intellectual property moral rights on economic grounds

Alin SPERIUSI-VLAD¹

Abstract. *Intellectual property moral rights must be carefully studied by the business community, which could easily and wrongly believe that the intellectual property business involves only intellectual property economic rights. This paper represents an introduction meant to reveal a contrasting legal and economic reality concerning the effects of the intellectual property moral rights over the economic relations. This is a consistent proof that the entire intellectual property regulatory system is set not for the “enrichment” of the commerce with new intangible assets or for clarifying the legal status of this category of intangible assets, but rather to protect the authors of intellectual property that are part of the international commerce. Considering this, any unclear regulation must be interpreted in favour of the author, as they prevail over the interests of all other interested persons and, by consequence, any obligation assumed by the author or a contractor thereof, may be restricted, i.e. extended, by claiming that the author’s moral rights are violated or that they are not fully protected. In the intellectual property field, any kind of use of the protected creation involving the economic rights, is indissolubly connected to the work’s authorship claiming and, very often, with the work’s integrity compliance or withdrawal right. Any contract concluded between a person acquiring economic rights over an intangible asset, cannot deny or diminish author’s moral rights. Also considering the intertwining of moral rights with economic rights, one part of a contract can invoke the existence of a moral damage as a result of failure to comply with the author’s moral rights, which is impossible to claim in an ordinary contract not involving intellectual creations.*

Keywords: *contractual liability; economic rights; freedom of commerce; intangible assets; intellectual property; mandatory regulations; moral rights.*

1. Assistant Professor, Ph.D., Post-doctoral researcher, Faculty of Law, West University, Timișoara, Romania, alin.speriusi@e-uvv.ro

Atypical moral rights in intellectual property law: similar object with the intellectual property economic rights

Even if intellectual property law represent a marvellous domain of research for academics, especially for private law scholars due to the numerous debates around the fundamental basis of property rights acknowledged by the nationals and internationals regulations with pro arguments going from natural rights to an utilitarian vision and with an opposition to the patent and copyright (Kinsella, 2001) and around the tensions in an intellectual property system (Boyle, 1997) every person who begins studying intellectual property law is easily overwhelmed by the large amount of regulations. Legal rules about creations, different systems protection concerning copyright, patents, trade marks, national statutes and international conventions concerning each one of this author's rights, sui generis right and many other important matters. Indeed we can easily assume that intellectual property is an esoteric and arcane field, something that is only interesting and comprehensible to a specialist. Even for someone with a private law background it is not the easiest thing to do to understand the intellectual property regime. Even if intellectual property law is part of the private law (Speriusi-Vlad, 2012 for further development on this matter), is an atypical domain because of the numerous imperative rules and the infinite international conventions. The private law, regardless the national systems, is not characterized by imperative regulations, which involve more of the time a public law or a criminal regulation. Also the international conventions are referring usually to different matters that are not regulated by the private law, like international crime, taxation or sovereign state matters. All this could be understood considering the specific object of the regulation, the intangible assets (Moore, 2012), but also the importance of the impact of the intellectual property rights as a general rule (Georgescu & Necula, 2013 - *"without any doubt, in the last years, the impact of intellectual property rights has played a very important role in the promotion of innovative processes and indirectly in the process of economic growth"*).

Considering all this, imagine the efforts made by a person without a legal background in order to understand all this legal mechanisms. Nowadays when intellectual property value seems to be tremendous important and is growing all the time (Ștefănescu, Petrecun & Munteanu, 2011- *"many meaningful reasons make intellectual property and its protection be*

imperative (...) the legal protection of new creations encourages investment, leading to other innovations; the promotion and protection of intellectual property stimulates economic growth, leading to the creation of new jobs and new branches of activity, improving the quality of life”), it is very probable that someone tries at least to search an information about a particular aspect of intellectual property and wants to understand it. When someone concludes a business transaction involving an intellectual creation, he values all the economic aspects, but paradoxically he must also take under consideration also the moral ones. More exactly each business transaction relating to an intellectual creation involves also the intellectual property moral rights and not only the economic ones. This paradox underlines the need to understand and to explain the intellectual protection system. All the debates involving philosophical and ethical arguments justifying or denying intellectual property rights are very interesting, but the more important ones are those disputes that produce a significant impact in the close reality. Loved or blamed the intellectual property protection systems cannot be denied and is more important to better understand it.

The intellectual moral rights are conceptually based on the natural law. According to the natural-rights view of Intellectual Property creations of the mind are entitled to protection just as tangible property is. Both are the product of one's labor and one's mind. Because one owns one's labor, one has a natural law right to the fruit of one's labor. Under this view, just as one has a right to the crops one plants, so one has a right to the ideas one generates and the art one produces (Kinsella, 2001). The consequence is that the intellectual creation represents an extension of the creator's personality and consequently he is entitled to exercise moral rights over his creation.

The intellectual property moral rights present a particular feature at the level of the entire legal system. The existence of the generally moral rights (non economic rights) is recognized in any legal system, but rather as having a completely different object than economic rights, which is most often the person or others legal subjects or their private life. But the intellectual property moral rights have the same object with the intellectual property economic rights, which is the intellectual creation. Basically, the author simultaneously exercises economic rights and moral rights on and in relation to the intellectual creation. This is the only case of coexistence

of economic and moral (non economic) rights over the same object, i.e. the intellectual creation. The only other link between an economic right and exercise of a non-economic right is the fact that in case of failing to comply with a non-economic right allows the rightholder to claim damages (Ionaşcu cited in Mihai, 2002, p. 93 - *"If, however, violation of a personal non-economic right causes the holder [...] any pecuniary loss, the civil law obliges the one who, by his wrongful act has caused this damage, to repair it in full, often by compensation, according to the rules on civil liability"*), having recognized its economic right of claiming compensations for the moral damage suffered. However, this connection, also valid for infringement of moral rights, is by far a representation of simultaneous exercise of moral and economic rights on the sole object represented by the protected intellectual creation, which confirms the uniqueness of moral rights in the field of intellectual property.

This simple coexistence of simultaneous exercise of moral and non-economic rights on intellectual creation protected by the law, results in a very close relationship between moral rights and economic rights, where exercise of economic rights may be influenced by moral rights (for example from the French jurisprudence see Olteanu, 2010, p. 17 - *"Bringing of recordings in an MP3 format and their placement on the Internet is, according to French jurisprudence a violation of the moral right to disclosure, as long as the author has not exercised the right to disclose this. This way, it was appreciated, for example, by the Paris Court House, that posting on Internet of 23 songs of Jean Ferrat is a violation of the right to disclosure (see M. Cornu, I. de Lamberterie, P. Sirinelli, C. Wallaert (2003). Dictionnaire comparé du droit d'auteur et du copyright. Paris: CNRS Editions, p. 428, which mentions the existence of a decision to support the exhaustion of the right to disclosure). In our opinion, it is rather a violation of the economic right to decide how the work can be used. It is, indeed, a very close connection between the right to disclosure and the economic right of the author to decide if, how and when his/her work will be used"*).

However, what is the reason behind the high stake of recognition and protection of the moral rights of the author of intellectual creation? A stake so high as to prevent one of the most important national legal systems (of The United States of America) to adopt the rules of the Convention from Bern, at almost 100 years of its signing, all the more so as at the date of

its adoption, our moral rights protected through the Convention of Bern were, in one way or another, already protected in the legal system of the United States which, at first glance, would mean that adherence to the rules of the Convention of Bern could have been done much faster and that the entire route of joining the international convention rules would have been nothing but a misunderstanding, later clarified. Clearly, there was no big misunderstanding requiring a period of clarification of almost 100 years, but US reluctance was due to the special importance given to the author's moral right, importance that reflects in a special regulation of these rights, separately from other personal non-economic rights of the subjects, such as personality rights and, in some extent, by the fact that they did not understand what justifies at the present a separate regulation for the copyright moral rights.

Intellectual property moral rights and the economic side of the intellectual creation

Once with the appearance of the first rules on intellectual property, intellectual creations fall into the commercial distribution, instituting their legal regime, both in terms of protection granting, and in terms of author's recognized rights. This way, actual intellectual creations (and not the various creations materialized in paintings, sculptures, manuscripts, and book copies) have evolved in terms of law, from an asset insusceptible of appropriation under the legal rules of the time or, at least, a *res nullius* stray asset, into an intangible asset that was part of the commercial distribution. By regulating the author's moral rights in relation to intellectual creation, we wanted to emphasize that the entire system of regulations in the field of intellectual property has not been set for the "*enrichment*" of the commerce with new intangible assets or for clarifying the legal status of this category of intangible assets, but rather to protect the authors of intellectual property who are thus part of the international commerce. This way, it is established that protection of intellectual creations by legal rules and not by moral norms, as happened before, does not mean an abandonment of non-economic, moral side of the intellectual creation, which relates to the author's person, in favour of economic aspects inherent to including any asset in the commercial distribution. This emphasis was especially important because, often during privileges and rarely during first national regulations, the economic side of intellectual creation and the benefit of

earnings from the exploitation of intellectual creation were taken into consideration, without giving due consideration to the legitimate interests of authors. This was no longer ignored when granting first privileges to authors of creations, enabling authors to print them and earn from their exploitation. Confirmation of author's moral rights in the national legislation clarifies this issue.

Another justification of author's moral rights confirmation in intellectual property regulation is directly related to the ratio between protection of authors' intellectual creations, on the one hand, and freedom of commerce, freedom of ideas, freedom of access to knowledge, freedom to research, freedom of expression and information, on the other hand (Olteanu, 2010, p. 17). In terms of values protected by the legal system, the interests of the author are contradictory to the interests of all other subjects that will take advantage of and enjoy the intellectual creation based on the freedom of commerce, freedom of ideas, freedom of access to knowledge, freedom to research, freedom of expression, freedom of information a.s.o. But this contradictory position is more theoretical or potential because, in practice, there is often a question of identifying the relationship between the author of intellectual creation and other persons he/she enters into contractual relations with, and thus acquire the right to use the intellectual creation. Thorough regulation of author's moral rights emphasizes the fact that author's status and person take precedence over others who have, acquire or claim a right over it, the protected creation having an intrinsic value, closely related to the author's person, independently of his/her social exploitation, including distribution. A confirmation in this direction is the fact that in the field of industrial property, where intellectual creation is inextricably linked to the commercial distribution, by industrial applicability, author's moral rights, even if applicable, are much less highlighted by national and supranational regulations, even if recognized by several relevant case-law (Spineanu-Matei, 2011, pp. 244-245 - "*The damaging fact consisted in using the webpage and, hence, the phrase "hebo" contained by several keywords in the source code – and not in its creation. Therefore, there was no relevance if the defendant herself created the page or by a third party the defendant had a contract concluded with. (...) If the defendant founded, eventually, that, despite those agreed under the contract, S.C. G.M. CO S.R.L. created a webpage that is used by accessing some keywords over which the defendant has no legal right obtained from the holder, nothing*

prevents her from refusing the product or claim damages; but the fact that the defendant used the webpage as it was created, places her in the position of liability towards the holder of the trademark that was violated, pursuant to art. 35 par. (2) letters a) and b) of Law 84/1998 (...) The defendant entered into a contract with the plaintiff, under which she bought from the latter "HEBO" trademark modular cabins and accessories, which indicates that she was aware of the mark use by another trader. This contract does not grant the right to use the mark in its own commercial activity, and such a use was prohibited according to art. 36 par. (1) of Law 84/1998, starting with the registration date of the trademark. (...) Publication of request in B.O.P.I. has precisely the aim to warn others about the applicant's approach to appropriate a sign as a trademark and the latter is conferred a temporary protection which is strengthened only if the trademark is, at the end of the procedure, registered with O.S.I.M. (...) Article 85 of Law 84/1998 provides that for committing the acts of infringement, under art. 83, persons in fault may be required to pay damages under the civil law. The civil law, i.e. art. 998-999 Civil Code, does not contain specific criteria for determining the amount of compensation, but after entry into force of Law 84/1998, G.E.O no. 100 was adopted, which led to the direct transposition of Directive 2004/84/EC of the European Parliament and the Council. Article 14 of the mentioned regulation provides that: 1) At the request of the injured party, the Court shall order the person who intentionally conducted a counterfeit, to pay the rights holder appropriate compensations for the damages actually suffered, as a result of infringement; 2) In determining damages, the Court shall consider: a) all relevant aspects, such as negative economic consequences, in particular loss of earnings suffered by the party, benefits achieved by the person who violated a protected intellectual right and, as appropriate, elements other than economic factors, such as the moral prejudice caused to holder of the infringed right; (...) Paragraph (2) letter a) contains a list of illustrative issues which the Court takes into account in determining damages, among which non-pecuniary damage caused to the holder of the infringed right. It does not result from this wording that, every time an infringement of intellectual property is ascertained, the Court shall have to grant the rights holder compensations, both for material damages, and moral damages. On the contrary, referring to moral damages, the law provides that it is taken into consideration, "as appropriate". With reference to the European Convention on Human Rights, also cited in support of appeal and which might apply primarily where domestic law would be inconsistent with, according to art. 21 of the Constitution, the High Court finds the followings: There is no text in the Convention which provides that whenever there is an

infringement of property rights – such as intellectual property subject to the present case – the person whose right was infringed suffers both material and moral damages. Not even from the jurisprudence of the European Court of Human Rights, which is integral with the Convention, such a conclusion can be drawn. The Court of Appeal did not consider that granting of compensations for moral damages would be incompatible with the action founded on infringement of the trademark, in which case it would be the issue of legality of decision, but fairly considered that infringement of a trademark does not involve, de plano, creation of moral damages. As one who makes a claim must prove it, according to art. 1169 Civil Code and, in this case, the Court of Appeal took notice of the fact that the plaintiff has not established a moral damage, the decision to reject the count appears to be legal”, see the High Court of Cassation and Justice, Civil and Intellectual Property Section (2010) – Earlier Infringement Action. Use of Advertise Brand in B.O.P.I. Material and Moral Compensations. Legal Ground (HEBO/HEBO ROM INTERNATIONAL SRL), Decision no. 2856 of May 7, 2010), precisely to emphasize the balance that characterizes the relationship between the author of intellectual property and other persons who have a right to use the intellectual creation.

The primacy of the author versus other subjects which will enjoy the intellectual creation base on the freedom of commerce, freedom of ideas, freedom of access to knowledge, freedom to research, freedom of expression, freedom of information (Ken, 2006), is also manifested in the legal relations arising under tort liability, as a result of failure to comply with the author's rights, an infringement of author's legitimate rights and interests being considered an infringement of author's person and status, since most times moral rights expressly regulated by national or supranational legislations are violated. In most of these legal systems, non-economic rights benefit from a much broader protection compared to economic rights, which reflects in the legal conditions to attract liability of the person who committed the offense, the probation, the statute of limitations, a fact inclusively confirmed by Romania's jurisprudence (Zeca, 2010, pp. 56-66 - *"Responsibility that entails under art. 139 of Law no. 8/1996 is one that has a tort basis (...) The capacity to stand trial results from the author of the illegal prejudicial fact: ignoring the economic rights of the author of the musical play, and of the plaintiff's related interpretation rights, which had to authorize the type of use under its exclusive rights (...) Ministry*

of Culture and Heritage has not obtained the agreement of the plaintiff to use his/her creations: the musical work with text and interpretation, through a contract of assignment specific to the type of use the parties agreed on, i.e. loan of work and set execution or interpretation. The right to authorize the use belongs exclusively to the plaintiff, according to art. 12 and art. 98 par. (1) of law (...) Thus, the defendant, Ministry of Culture and Heritage, committed an unlawful illegal fact, using in illegal conditions works carrying copyrights and related rights protected by law (...) For fulfilling the conditions of torts, it was noted that it is sufficient for the author to indicate legal, non-economic and moral values deemed injured by the conduct of the defendant, their guarantor, a conduct inconsistent with the law assuming use of his musical composition and interpretation in an advertisement to promote a national public company, without his consent (which he declared ready to express) (...) To repair this damage, moral damages must be justified, and not proved" see Bucharest Court of Appeal (2009) – Rights to Use His Intellectual Creation. Video Advertising – Audiovisual Work. Tort Liability. Quality to Stand Trial of the Person Responsible. Need to Justify Punitive Damages. No Obligation to Prove Moral Damages, Civil Decision no. 49/2009).

Given the importance granted to moral rights in the field of intellectual property, in all national systems, the effect of their protection and recognition in the field of intellectual property must be identified, i.e. the extent to which this area is or is not different from establishing moral credentials for the author. Such an approach is justified because moral rights radiate beyond their strict field – author's person, personality or reputation – significantly interfering with economic aspects of commercial relations arising in connection with the protected intellectual creation.

Firstly, the recognition by law of author's moral rights stresses the importance of authorship in all legal relations arising in connection with the intellectual creation protected. This emphasis is important because, usually, granting the legal status of intangible assets is primarily made for them to be appropriated, to be part of the commercial distribution, in order to protect the persons who want to acquire any type of right over them. Regulation of moral rights mitigates this rule in the field of intellectual property assets by showing that in this domain, the author has a dominant position to other persons they have commercial relations with, and also to any other person they might have commercial relations with,

i.e. to other legal subjects. This way, it emphasizes once again that legal rules have been established in this area, not to regulate and certify social relations arising in connection with intellectual property, but rather to protect the author's interest, in the first place. A direct consequence would be that any unclear regulation must be interpreted in favour of the author, i.e. the holder of the right recognized, as they prevail over the interests of all other legal subjects.

The economic contractual relations who refer to an intellectual creation are thus substantially influenced, because any obligation assumed by the author or a contractor thereof may be restricted, i.e. extended, by claiming that the author's moral rights are violated or that they are not fully protected. Intertwining of moral rights with economic rights in legal relations having as subject intellectual creations creates a specific kind of unique moral-economical legal obligation that does not resemble any other category of legal obligations, and which are clearly distinguished, as shown in economic legal relations or non-economic personal legal relations. In these clearly differentiated legal relationships, the only link is the possibility to cover compensation for moral damage through materials. In the legal field of intellectual property, any kind of use of the work that pertains to the economic side has a close connection with the work's authorship and, very often, with the work's integrity compliance or withdrawal right. In a property sale-purchase contract, the seller cannot go back on the given contract or request its cancellation as a result of its rights pertaining to personal status might have been prejudiced, due to the fact that the person acquiring the property would cause some changes that might affect the memory or image of the vendor's family, and if there were a clause in this respect, such clause would be interpreted narrowly in the sense of granting compensation to the person affected in any way, and not in the sense of transaction cancellation.

Thirdly, direct consequences of legal recognition and protection of author's moral rights consist in setting of some imperative rules in contractual legal relations the author is a part of. These imperative rules are also applicable to contractual legal relations that have as subject intellectual property, even if the author is not a part of (Harrison, 2014). Virtually, any contract entered into by a person who has acquired the intellectual property rights over the intellectual creation of any other subject of law, cannot deny or

diminish the author's moral rights, namely the holder's protected moral rights (important emphasize especially in the case of distinctive marks, when the holder of the registration certificate is different than the author of that distinctive mark) and, insofar there is the slightest possibility in this respect, such a contractual clause is either void, or interpreted as having effects are not likely to restrict the moral rights recognized by law. In this respect, by decision rendered in the Roualt affairs, Orléans Court of Appeal decided that the work cannot enter the commercial distribution in any other day than the day its author has freely declined jurisdiction by a discretionary act and brought it into the public eye, creating an inter-conditionality between exercising the right of disclosure and entry of asset into the commercial distribution. This is the best example of moral rights' influence on commercial distribution rules and economic legal relations. The influence is even greater as it is claimed, based on the absolute and discretionary features, the author being the only one who could decide, without any jurisdiction, on disclosure of work, name under which the work shall be made public and its withdrawal.

A particular effect of recognition of moral rights is the change of a recognized rule in the field of contractual liability, related to impossibility of claiming damages for breaches of contractual obligations, moral damages being sought only under tort liability. In this respect, the jurisprudence (Zeca, 2010, pp. 29-33 - *"Regarding the ground of appeal, in that the Court has not given the amount of RON 100,000,000 as moral damages, this is also unfounded, as the plaintiffs appellants have not shown the occurrence of a moral damage, respectively occurrence of an injury susceptible to be covered by granting of moral damages. This case brought before the Court, is actually a contractual liability and not a tort and therefore, after cancellation of the sale-purchase contract, plaintiffs are entitled only to the reimbursement price (the restitution in integrum principle), and not to moral damages. All other considerations of the appellants, in that they have an advanced age, are unable to acquire another place to live and are subject to the possibility of being drawn in the street, and due to stress they fell ill etc., besides being irrelevant, are unproven in relation to the subject of the action and cannot lead to granting o moral damages in favour of plaintiff-appellants"* see Bucharest Court House, 4th Civil Section (2005) – *Absolute Nullity of the Sales-Purchase Contract*, Decision no. 700/2005) has held that *"given that, in reality, it is about a contractual liability and not a tort liability, following cancellation*

of the sale-purchase contract, plaintiffs are entitled only to restitution of price (according to restitution in integrum principle in the previous situation)". In the field of intellectual property, considering the intertwining of moral rights with economic rights, one part of a contract can invoke the existence of a moral damage as a result of failure to comply with the clauses of the contract on economic rights acquired and transmitted over intellectual creations. Consequently, granting of moral damages under the invocation of contractual liability in the field of intellectual property is recognized by the legal practice (Zeca, 2010, pp. 66-73: "(...) regarding infringement of the right protected by the provisions of art. 10 letter b) of Law 8/1996 (recognition of the right to claim authorship of work), from interrogations and documented evidence consisting in various comments of those who were spectators to concerts held by the band V., during litigation, the Court finds that the first Court correctly granted moral damages to the plaintiffs amounting to EUR 15,000, even if not for infringement of this moral damage, but for infringement of the economic right to consent to the use of the work. (...) the solution of the first Court on the grant and amount of moral damages, is going to be supported by the herein considerations on the basis of their grant, art. 10 letter b), and not art. 5 par. (3) of the law, being harder to conceive the situation of remedying the infringement of economic rights by granting of moral damages, but perfectly possible for infringement of moral rights to be remedied by material damages" see Bucharest Court of Appeal (2008) – *Rights on Creation Consisting in Part and Lyrics. Joint Impartible Work. Quality of Co-Author. Co-Authors' Economic and Moral Rights*, Civil Decision no. 225A/2008).

Another effect of recognizing moral rights is the legislator's decision to include certain categories of intellectual creations in a certain area where moral rights are recognized and protected indubitably, namely the copyright area. Moral rights are recognized and protected, also in the field of industrial property, but in the field of copyright, their establishment is express and constantly applied by all the legal systems. Clearly, protection of a certain category of intellectual creation through the legal mechanism in the field of copyright leads to an undeniable advantage in terms of moral rights. The best example is the software programs. They came to be protected by the legal mechanism in the field of copyright, particularly that this is much more flexible and faster than the mechanism of inventions, which corresponds to the rapid developments in this field. To the extent that computer programs should be protected by legal mechanism in

the field of inventions, until issuance of patent following completion of registration formalities in this field, the software program would be out of date, and may come to be replaced by its newer version. However, by inclusion of the software program in the field of copyright, the program is protected from the moment of creation.

Conclusions: intellectual property moral rights represent an excessive protection of the intellectual property economic rights

Clearly, however, granting of legal protection in the field of copyright for the benefit of the author's moral rights contribute to the strengthening of his/her economic rights. In terms of national legislation, it is worth noting that in Great Britain software authors' moral rights are not recognized (Sterling, 2003, p. 351), in Germany there is no legal provision limiting software authors' moral rights (Sterling, 2003, p. 348), in France only the withdrawal and adaptation rights of the author are limited, which cannot be opposed to the person who acquired the right to use the software (Sterling, 2003, p. 346), while in Romania, the withdrawal right of the software author is limited.

Following this brief analysis, it can be argued that moral rights have been diverted from the purpose they were established for and that they fundament the excessive protection of intellectual property (Olteanu, 2010, pp. 16-20 for an introduction to theories regarding excessive protection in the field of intellectual property) by reinforcing the importance of author's intellectual property in relation to other subjects of law and intertwining of moral rights with the economic rights. Basically, economic rights, through extension of their duration, take over from the perpetuity of moral rights, while economic rights take over from authorship. Nevertheless, moral rights have a very important connotation in the context of promoting a less exaggerating protection of intellectual property to encourage freedom of commerce, freedom of access to knowledge, because they are able to reward the author even in such a new system.

For this reason is argued that moral rights represent a limitation on the artist's right and power of alienation over her creations and for that reason they are inconsistent with a Hegelian analysis of property, more precisely

with the personality theory of property associated with G.W.F. Hegel. Hegel believes that property rights are only fully consummated in the alienation of property through contract. This is because it is only through performance of reciprocal contractual obligations that two legal subjects effectively recognize their mutual rights and duties (cited in Schroeder, 2004).

Acknowledgements. This work was supported by the strategic grant POSDRU/159/1.5/S/133255, Project ID 133255 (2014), co-financed by the European Social Fund within the Sectorial Operational Program Human Resources Development 2007–2013.

References

- Boyle, J. (1997). A politics of intellectual property: Environmentalism for the Net?. *Duke Law Journal*, 47(1), 87-116.
- Georgescu, M., and Necula, S. (2013). The Impact of Information Piracy and Intellectual Property Rights on the Economic Development. *Proceedings of the WSEAS 2nd International Conference on Finance, Accounting and Auditing* (FAA '13) and *2nd International Conference on Risk Management, Assessment and Mitigation* (RIMA '13). WSEAS Press.
- Harrison, J.L. (2014). *Copyright as Contract*. Retrieved from <http://ssrn.com/abstract=2470121>.
- Mihai, L. (2002). *Invention: Substance of Patents: Rights*. Bucharest: Universul Juridic Publishing House.
- Moore, A.D. (2012). A Lockean Theory of Intellectual Property Revisited. *San Diego Law Review*, 50 (Fall 2012), 1070-1103.
- Olteanu, E.G. (2010). Copyright and Technological Progress. *The Romanian Journal of Intellectual Property Law*, 7th year, 2(23), June 2010, ASDPI, Romania.
- Ken, H. (2006). Justifying Intellectual Property Protection: Why the Interests of Content-Creators Usually Wins Over Everyone Else's. In Rooksby, E. and Weckert, J. (Ed.), *Information technology and social justice* (pp. 47-68). Hershey, PA: Idea group.
- Kinsella, S. (2001). *Against Intellectual Property*, *Journal of Libertarian Studies*, 15(2), 1-53. Schroeder, J.L. (2004). Unnatural Rights: Hegel and Intellectual Property. *Cardozo Law, Legal Studies Research Paper No. 80*.

- Benjamin N. Cardozo School of Law, Jacob Burns Institute for Advanced Legal Studies.
- Speriusi-Vlad, A. (2013). *The Author of an Intellectual Creation Between a Simple Private Person and a Professional According to the New Civil Code*. AWUT - Annals of West University of Timisoara, Law series, no. 2.
- Spineanu-Matei, O. (2011). *Intellectual Property (5): Legal Practice 2010*. Bucharest: Hamangiu Publishing House.
- Ștefănescu, C., Petrecu, I., and Munteanu, A. (2011). Intellectual Property in Critical Conditions. *Proceedings of the WSEAS 3rd World Multiconference on Applied Economics, Business and Development (AEBD '11)*. WSEAS Press.
- Sterling, J.A.L. (2003). *World Copyright Law* (Second Edition). London: Sweet and Maxwell Publications.
- Zeca, D. (2010). *Moral Damages in Civil, Criminal and Intellectual Property Litigations: Legal Practice*. Bucharest: Hamangiu Publishing House.

Big Data: the Beauty or the Beast

Camelia CRIȘAN¹,
Alexandra ZBUCHEA²
Steliana MORARU³

Abstract. *Big Data is a phenomenon that has been made possible by the IT and the social media revolutions - where content is created or generated by users and their interaction, at the same time with the exponential increase of the data storage capacity, according to the Moore's law. It has been a long-time dream of social scientists to investigate an issue of importance for large groups of people where n - the number of the investigated subjects - is not determined by some statistical complex formula, but rather by mentioning $n=all$. This would allow for better results, with wider applicability in the attempts to understand the society, its trends, ideas and how they propagate, as well as the capacity of taking more efficient decisions that concern purchase, education, health and politics. But what are the costs? Our paper aims at looking at means and ways through which Big Data is being generated, to provide examples of Big Data ownership and consequences derived from this, and to illustrate the use of Big Data for improving the life of the society's members. We define the Big Data, how it is generated, processed and the degrees of responsibility in maneuvering such precious resource. At the same time, our focus is on the backside of accumulating large amounts of personal information. We evaluate how and if major companies are handling Big Data properly - from disclosing information about gathering such data, processing it and using it to their own profit, with the informed consent of the subjects. In our research we discuss potential implications from the perspective of redefining what personal and private still means when individual data becomes a commodity.*

Keywords: *Big Data, data analysis, privacy, business ethics.*

1. Lecturer, Ph.D., College of Communication and Public Relations, National University for Political Studies and Public Administration, camelia.crisan@comunicare.ro.

2. Associate Professor, Ph.D., College of Management, National University for Political Studies and Public Administration, alexandra.zbucnea@facultateademangement.ro.

3. Ph.D. Candidate, College of Communication and Public Relations, National University for Political Studies and Public Administration, steliana.moraru@gmail.com.

Big Data is everywhere. Big Data is upon us. We live in the age of „big data“. The era of Big Data has begun (Boyd & Crawford, 2014; Tene & Polonetsky, 2013). Or should we say: „Welcome to Big Data. Welcome to the end of computing as we have known it for 70 years“ (Needham, 2013). All the above points of view are conveying one thing - we are witnessing a revolution in the way information is being gathered, stored and processed. From each Internet login, from each app usage, from each shopping item bought online, from the sensors of our engines millions and millions of pieces of information are being generated every minute. Such data does not only need huge capacity to be stored, but what researchers have recently found is that processing it, brings about patterns and correlations that are affecting large amounts of people or can increase the innovation potential of companies. For instance, in 2009 Google was able to track the expansion of pig flu epidemic by following searches for flu related topics. It did this two weeks before the US Center for Disease Control (Loukides, 2011). In another example, a computer scientist, Oren Etzioni, aggregating open data offered by airline companies, has set up a web search engine allowing future passengers to buy plane tickets at the best timing, for the best price (Mayer-Schonberger & Cukier, 2013). Even if it is about big or small results, big data analyses have allowed people make better, more informed decisions and as a result, their lives changed for better.

How big is Big Data?

,Sangameswar (2013) says that Big Data refers to data of massive scale and complexity. If one unit of data is measured by a byte, the data stored in the world reached as of 2012, about 2.5 exabytes of data and that number is doubling every 40 months or so (McAfee & Brynjolfsson, 2012). This means 10^{18} bytes, while the largest measurement unit for data storage goes up to yottabytes, which is 10^{24} bytes. That is 10 followed by 24 zeros. Mayer-Schonberger and Cukier (2013) give a significant example related to amassing data in astronomy. It's about the Sloan Digital Sky Survey and its telescope in New Mexico, which has been collecting more data in a few weeks than it has been collected in the entire history of astronomy - 140 terabytes of information by 2010. But not all data gathered can be considered Big Data.

Boyd and Crawford (2014, p. 663) define Big Data as: “a cultural, technological and scholarly phenomenon that rests on the interplay of: technology, analysis and mythology”. In their view Big Data rests on computer power, its analysis determine patterns which generate knowledge and insights that one could not have foreseen previously „with an aura of truth, objectivity and accuracy”. Sangameswar (2013) defines more clearly the type of information that are part of Big Data: traditional enterprise data (customer information, web store transactions, etc.), machine generated and sensor data, weblogs, equipment logs and social data, including customer feedback streams, micro-blogging. McAfee and Brynjolfsson (2012, p. 63) say that Big Data has three types of characteristics: volume (which has been detailed above), variety (messages, updates, and images posted to social networks; readings from sensors; GPS signals from cell phones, etc.) and velocity (information is generated in real-time or nearly real-time which allows a company to be much more faster than its competitors).

As a result of these definitions, we understand that not any data gathered and analyzed by companies could be labeled as Big Data, but this title applies to all those cases where mass information is generated from a variety of sources at high rate. An important feature of Big Data is its messiness. It means, according to Mayer-Schonberger and Cukier (2013, p. 39) that „more trumps better”, and thus a research where potentially the number of respondents equals the total of the researched population ($n=all$) should decrease for this reason its obsession for exactitude. The more information we add, the higher the potential for errors within data, as well as consistency for data formatting and combining various types of data. However, as the two authors put it, quoting Hopkins and Evelson (2011) “sometimes $2+2$ equal 3.9 and that is good enough”. This does not mean that the data is incorrect, just that when we whiteness for instance 1000 tweets per second it makes more sense to show tolerance for error rather than aim for clockwork precision. This reality is then transferred to the way data is analyzed.

Davenport and Patil (2012) claim that a new job - data scientist - is the sexiest job of the 21st century. They start their argument from presenting the case of a PhD graduate from Stanford which brought LinkedIn to the success it is today, just because his data analysis showed that people could

develop their networks easier if they follow machine based algorithms in finding people they could be matched with, based on the information they have shared in their profile. A similar example of using data analysis is shared by Mayer-Schonberger and Cukier (2013) when they describe the success Amazon.com had, when replacing the comments and recommendation of professional reviewers to items customers may be interested in, based on books purchased from the same domain by other people who checked out certain item. It was all based on how the „traces” left by different users have been processed and analyzed to understand a pattern. The important issue here is that instead of trying to understand the Why, what is the Cause which determined purchases based on people preferences rather than expert recommendations, the companies were satisfied with identifying the pattern, and were not looking for the explanation of the pattern. In sociological analysis this equals with finding a correlation between two phenomena / variables. It means that the change in one goes along with the change in the other, but it is not necessarily determining it. Such types of results based on data processing are allowing companies to extract added value and innovate. It appears not only that Big Data is omnipresent, but also using and processing it is a highly economically viable option.

The detractors of “Big Data conquers all” position express, in our view, 3 main areas of concern: quality of data analysis, compensation for personal data usage, protection of privacy and intimacy. Big Data does not necessary mean better data or scientifically sound data, which could lead to scientifically sound research and thus quality of knowledge (Boyd & Crawford, 2014). Companies storing people’s data should make them aware that such data may be used for economic purposes and, as a result, pay them in return for using their data (Buck, Horbel, Kessler & Germelmann, 2014). To the same extent, people should be made aware or educated to become more careful that the free usage of some apps in return to their personal data needed to install them may be a bad bargain for them. In terms of privacy and intimacy, we will refer to this by large in the next chapter, however, it is worth mentioning here that realizing at some point that your personal data is available to potentially anyone paying a good price to sell you something, or that a Big Brother can follow your every move tend to cast a shadow of fear and adversity towards companies for which we, sometimes non intentionally, allow access to our private online life.

The backside of Big Data from the individual and society perspective - breaching the right to intimacy

As mentioned above, the benefits of using Big Data are largely recognized, both at society level / macro-level policies (Bollier, 2010; Chen, Chiang & Storey, 2012; Gehrke, 2012; Lohr, 2012; Whitepaper, 2012), as well as at business-level strategies (Bollier, 2010; Lohr, 2012; McAfee & Brynjolfsson, 2012; Russom, 2011). Using Big Data has also downsides. For instance, it could be deceptive and could lead to false findings, either deliberately or unconsciously (Lohr, 2012; Yetiskin, 2014). Interpretation of Big Data is sensitive in several ways to biases (Bollier, 2010). In this context not just honesty in dealing with and analyzing Big Data is important, but also qualified work force is necessary. There is an increased demand for specialized analysts (Lohr, 2012; McAfee & Brynjolfsson, 2012), as well as for a new managerial approach (McAfee & Brynjolfsson, 2012; Yetiskin, 2014).

In business context, one of the most debated Big Data related issues is the privacy of consumers. Laurila et al. (2012) consider that “protecting privacy of individuals behind the data is obviously the key reason for access and usage limitations of Big Data”. Respecting the right to privacy of the consumers and stakeholders is not just a matter of ethics but also a matter of good business. Companies have to consider not just the legislation, but also the requirements of the wider public to benefit of privacy and respect in their relationships with businesses in order to be trusted and preferred to their competition.

Agreeing that the main three characteristics of big data are volume, velocity and diversity (McAfee & Brynjolfsson, 2012; Whitepaper, 2012; Russom, 2011), we would like to add to these, a relevant forth one: personal character. Big Data is intimately related with individuals, comprising in many instances sensitive personal and financial information. Therefore, privacy issues are extremely important to consider when acquiring, storing, processing, analyzing and using Big Data. This is proved by the interest of governments to regulate this field, as well as numerous public scandals and consumer taking of stand in this respect.

Researchers investigating the regulation of big data in various countries tend to agree that the European Union has the amplest legislative system but none is comprehensive (Asay, 2013; Guo, 2012; MacDermott & Smith, 2013). The main difference between the European and American approaches is that the first imposes tight governmental regulations, while the other lets the industry self-regulate and gives customers more liberty to decide. Data Protection in the EU involves high standards; only legitimate data collection is allowed under tight security. It sets criteria to be considered. There is an agreement between the EU and the US to comply with the European standards, but just a few American companies have accepted the terms (Guo, 2012). In the US, consumers have the choice to control their information and protect their privacy. The weak aspect is that people do not generally read privacy notices or they do not understand them (Asay, 2013). This, corroborated with some debatable aspects of the legislation in the US, could generate privacy breaches or other problems in handling Big Data (Asay, 2013).

Big Data management has to consider several complex privacy-related aspects. The main points of reference would be: the scale and the aims of the collector; the media used to gather information.

Big Data could be collected by businesses of all sorts, by regional / national collectors and public organizations (open data). Especially in the last case data sets are shared for the benefit of a wider public, while personal information is protected. Still privacy breach could occur (Gehrke, 2012).

Research of Big Data, even in academic context, involves sensitive issues, especially privacy-related ones (Laurila et al., 2014). Three main aspects are to be considered: data security, data anonymization and the respect of privacy by the researchers. If the data is specifically collected for the research, consent from the participants / subjects of the investigation also has to be secured. In order to share the results of the research, privacy during the entire research flow is a must.

Special privacy issues could emerge also when using Big Data for the benefit of larger communities. Many discussions are related, for instance, with the use of Big Data in health care in the US (Bollier, 2010; Groves et al., 2013). Privacy is a key-factor in the process of sharing vital data, as well

as to investigate the data corpus available. Other relevant aspects opposing the use of integrated Big Data in healthcare are related with the interests of various actors, and with various ethical aspects (Boillier, 2010).

Big Data is collected using various channels: offline/administrative, online and mobile. The Internet and mobile phones are increasingly more challenging due to their dynamics. The Internet is the one that changed the way information is dealt with and generated the use and the research on big data. More recently, the development of smartphones offers new type of information and databases (mobile big data), as well as new challenges. This refers to the need to manage large-scale information generated by the use of smartphones, including online and application use. This type of data allows “understanding real-life phenomena, including individual traits, as well as human mobility, communication, and interaction patterns” (Laurila et al., 2012)

The first sensitive issue is to decide what information to collect. It is not just a matter of management – of having significant information, but also of ethics – of justifying the storage of that specific information. An additional ethical and legal aspect is to obtain the approval of each individual to store, manipulate and use that information. In many cases the information is not used only by the organization that obtained it, but also by its associates. The transmission of data to third-bodies is also highly sensitive (Asay, 2013). Not just consumers do not have control over this information, but companies themselves loose the control.

One of the privacy breaches is the identity theft. It can occur in many forms, as it widely means the unauthorized use of information (MacDermott & Smith, 2013). 10% of the US online consumers were victim of an identity theft (MacDermott & Smith, 2013). Some artists and hacktivists draw the attention on the perils associated with Big Data wrongful handling, in order to make people aware of the sensitivity of the information they share online (Yetiskin, 2014) and how social reality can be manipulated. A severe privacy issue is the phishing phenomenon, since it involves in many cases disclosure and subsequent use of financial information.

A frequent aspect involving ethical aspects related with privacy violation is the use of cookies⁴. Many of the popular websites use cookies to track their visitors, some of them permanently not only while on their website. At least to a certain degree people know and accept this if they are interested in those websites. Nevertheless most of them are uneasy with the idea of being tracked by advertising (Bollier, 2010).

Even if privacy seems to be a hot topic in the context of Big Data and the Internet / mobile environment, the tendency overall, both considering businesses and governments is the growing control of consumers, as well as of citizens (Yetiskin, 2014). Organizations and individuals are caught between ethics and business/politics. Some delicate situations may arise. Sometimes companies take the ethical stand, but for whose benefit? For instance, Facebook protected its users from intrusion and loss of privacy against their employers, but, in fact, the company protected itself from future damage and lack of trust (MacDemott, 2013).

The trust of consumers in companies is an issue of prime importance. Big Data could be affected by the lack of trust. For instance consumers and individuals could provide partial or false information, so data will be from the beginning corrupted (Gehrke, 2012). Trust in online transaction would also influence the online shopping behavior. Other issues to be considered in this context are online (perceived) security system, information scanning, recommendation / review system, credibility, and virtual experience (Fang & Li, 2014). The shopping and searching behavior influences the data collected, as well as Big Data influences consumer behavior.

4. A cookie, also known as an HTTP cookie, web cookie, or browser cookie, is a small piece of data sent from a website and stored in a user's web browser while the user is browsing that website. Every time the user loads the website, the browser sends the cookie back to the server to notify the website of the user's previous activity. Cookies were designed to be a reliable mechanism for websites to remember statefull information (such as items in a shopping cart) or to record the user's browsing activity (including clicking particular buttons, logging in, or recording which pages were visited by the user as far back as months or years ago).

Collecting Big Data - an Orwellian reality or an individual fully assumed risk?

Tracking and analyzing users' profiles and personal history across different online environments are among the main activities taken into consideration when we tackle the subject Big Data. In fact, nowadays every human activity, from eating habits, sports activities, relationships, hobbies, political options, relationships, holidays, work life, or payments to medical records can be online monitored, registered, traced and put into the service of an advertising campaign, a political debate or a fundraising initiative, just to name a few. The "market opportunity" of browsing through the digital footprints of the online consumer can be and is already translated for each type of institutions into insights, predictions and activities trends. In the view of this online magnifying glass, the question that both the consumers and the companies should ask is where privacy and confidentiality stand? This "Big Brother" concerns are not new, but they are renewable, as the world becomes more connected, through phones, Internet, computers, networks and video cameras. Data can be transferred, sold, processed, stored and used in ways that only George Orwell or Aldous Huxley have imagined. Nowadays, even a new specialization has emerged—data brokers. They work for companies who gather, harvest and then redistribute highly personal data about persons to anyone willing to pay for it.

No more than 15 years ago (Google was created just the year before, and Facebook or Twitter did not exist yet), Scott McNealy, at that time CEO of Sun Microsystems⁵, put it very briefly - consumer privacy issues are a "red herring" and "you have zero privacy anyway" in a meeting with journalists. His statement raised many problems and was followed by numerous critical points of view. For the purpose of our article, we quote Stephen Manes, editor at PC World (an??). He affirmed, "he (McNealy) is right on the facts, wrong on the attitude. It's undeniable that the existence of enormous data-bases on everything from our medical histories to whether we like beef jerky may make our lives an open book, thanks to the ability of computers to manipulate that information in every conceivable way. But I suspect even McNealy might have problems with somebody publishing his family's medical records on the Web, announcing his whereabouts to the

5. Sun Microsystems, Inc. was a company that sold computers, computer components, computer software, and information technology services and that created the Java programming language and the Network File System. In 2010 was acquired by Oracle.

world, or disseminating misinformation about his credit history. Instead of 'getting over it,' citizens need to demand clear rules on privacy, security, and confidentiality”.

14 years later, in 2013, the world encountered a new face of the problem, as Edward Snowden⁶ leaked the information regarding National Security Agency's (NSA)⁷ program called PRISM⁸. This brought a new perspective regarding the value of privacy and confidentiality and many citizens become more aware of the possible implications data-mining could have. Nine in ten (88%) US consumers are at least “a little” concerned about the privacy of their personal data, new figures show (GfK, 2014).

According to Clemons et al. (2014), there are three directions when it comes to online privacy. The first one addresses the not allowed actions targeting someone's personal space. Usually, these are sponsored actions such as spam, pop-up advertising, and online marketing. The second type implies a more serious threat about a person's privacy, including identity theft and fraudulent activities. The third type is a more silent, but the most profound, the personal profiling developed by companies like Google or Facebook in order to obtain advertising benefits. The personal profiling includes all the types of information mentioned above, blended together in order to better understand who is the persons using their services. Although most of the companies claim that such measurements are mostly for helping customers to receive a personalized service, in reality the potential of personal data rises above the basic needs.

6. Edward Joseph „Ed” Snowden is an American computer professional who leaked classified information from the National Security Agency, starting in June 2013.

7. The National Security Agency (NSA) is a U.S. intelligence agency responsible for global monitoring, collection, decoding, translation and analysis of information and data for foreign intelligence and counterintelligence purposes - a discipline known as Signals intelligence. NSA is also charged with protection of U.S. government communications and information systems against penetration and network warfare

8. PRISM is a clandestine mass electronic surveillance data mining program launched in 2007 by the National Security Agency (NSA), with participation from an unknown date by the British equivalent agency, GCHQ. PRISM is a government code name for a data-collection effort known officially by the SIGAD US-984XN. The Prism program collects stored Internet communications based on demands made to Internet companies such as Google Inc. under Section 702 of the FISA Amendments Act of 2008 to turn over any data that match court-approved search terms.

As mentioned earlier, people have started to be more preoccupied about their online presence. As recently as 2013, Pew Research, in a study regarding anonymity, privacy, and security online, revealed that 64% of people seeking online privacy clear their cookies and browser history, while 41% have disabled cookies. The same study found that 86% of the Internet users have tried to be anonymous online and they have taken at least one step to mask their behavior or avoid being tracked, and 55% have taken measures to hide from specific persons or organizations. To encourage free online navigation, many of the available browsers have an anonymous browsing mode option. Moreover, there are a series of applications that enable anti-tracking software, in order to erase the browsing history and other data. For example, Adblock Plus, one of the most popular browser extension for blocking banner ads, pop-up ads, rollover ads, preventing visiting known malware-hosting domains, and disabling third-party tracking cookies and scripts, has been downloaded by 300,000,000 people (according to their own statistics). Some add-ons, for example Lightbeam for Firefox, allow users to visualize the first and third-parties sites s/he interacts online. Other reports highlight the increasing use of ad blocking add-ons for browsers and even Google trends reports (2013) showed that this type of software has an annual growth of 43%. For example, IAB report from 2012 regarding the consumer and online privacy stated that 45% of the respondents used clean-up programs and 30% used ad-blocking software. A 2013 report from PageFair⁹ estimated that the average adblocking rate on 220 monitored website was 22.7%. According to their estimation, the adblock rate will continue to increase, reaching a 100% level in 2018.

Regardless though, for every action taken in order to protect the users' privacy, there is a counterpart that reminds them about the facilities they may gain from offering personal information. The online industry, and not only, has made a purpose from gathering as much as possible data, in order to offer a personalized experience to each consumer. From advertisers, to governments and nongovernmental organizations, each of them looks for opportunities to have access to users' data, in order to mine it and to be able to perform their activities even better.

9. PageFair is a free service that allows websites owners to measure how many of their visitors block ads, and attempt to recover the lost revenue. For the mentioned report, they have been collecting anonymous data on adblocking behavior from their clients in 2012.

Research methodology

We propose in this paper an exploratory research in order to map the relation between the consumer and selected companies in what concerns the use of their data and the terms and conditions they agree upon when they start using their services and products. Our aim is to compare the type of information requested by two international companies and two Romanian companies from their users through the „Terms and Conditions” - contractual relations. Our methodological approach consisted in analyzing the online documents publicly posted on each company’s website and conducting content analyses of the terms and conditions specified. The analysis unit has been the theme and the text we have studied are the provisions from Terms and Conditions. The main themes we have identified are: what data is being asked from users, how the data is created and used, and if the data can be used by third parties. All these themes have been split in sub-categories, for a more detailed analysis.

The coding process for each sub-category envisages giving points, incrementally, for each type of action required by the terms and conditions in relation to how much they are invading the intimacy and personal cyber space of the users.

As a result, the coding process for the analyzed text has been the following:

A. Data provided by users consisted in the following sub-categories co: account requirement, restrictions related to creating an account, type of information being displayed, options to restrict the company’s access to personal data.

a. Account requirement: 1 - users need an account, 0 - users don’t need an account.

b. Restrictions related to creating an account: 1 - restrictions are in place, 0 - restrictions are not in place.

c. Type of information being displayed: each type of information displayed received one point.

d. Options to restrict the company’s access to personal data: 1 point for each limitation in service delivery the company is putting in place once the user decides to restrict the company’s access to the personal data.

B: How data is created and used consisted in the following sub-categories: content property (creating, sharing, uploading, submitting, storing, sending, receiving), data storage, ceasing services.

a. Content property (creating, sharing, uploading, submitting, storing, sending, receiving): each type of activity performed with the raw data receives 1 point; each activity that is performed with the secondary data (processed information of the users) receives 0.5 points.

b. Data storage: storage of data indefinitely - 2 points, storage of data for definite amount of time based on self regulation - 1 point, storage of data according to law - 0 points.

c. Ceasing services: arbitrary cease of services - 2 points, cease of service due to misconduct of user - 1 point, cease of service based on contractual terms - 0 points;

C. Third party data usage consisted in the following sub-categories: use of data for the company's purposes; sharing data and using data for other purposes, tracking, monitoring and personal information analysis; data transfer in other countries; transparency on law enforcement requests.

a. Use of data for the company's purposes: for each purpose the personal data is used - 1 point;

b. Sharing data and using data for other purposes, tracking, monitoring and personal information analysis: all data is shared based on the acceptance of T&C - 2 points, data is shared based on legal regulation - 1 point, no data is shared with third parties - 0 points.

c. Data transfer in other countries: data transferred without restrictions once the T&C accepted - 1 point, data transferred based on legislation - 0 points.

d. Transparency on law enforcement requests: law enforcement requests made public - 0 point; law enforcement requests not made public: 1 points.

The criteria for selecting the four companies were their impact upon consumers in terms of daily use and the potential of generating data (over 1 million users, highly rate of daily content creation and sharing, number of monthly visits) and their turnover (over 500,000 Euro). Besides that, we took into consideration their location, including two Romanian-based

companies. These companies are Google Inc., Facebook Inc., which are American based companies, and Dante International (owner of Emag.ro), and Orange, which are Romanian based companies.

Founded in 1998, Google Inc. has set itself the mission to organize the world's information and to make it universally accessible and useful. According to the company's financial reports, Google Inc. turnover in 2013 was USD 57.86 billion, the highest since the company was established, and currently, they process over 40,000 search queries every second on average, meaning more than 3.5 billion searches per day and 1.2 trillion searches per data, year worldwide. Taking into consideration the information offered by in4mation insights¹⁰, a company specialized among other in Big Data, Google processes more than petabytes¹¹ a day. As Kulathuramaiyer and Balke (2006) stated, in the light of constant growth, Google is not really a competitor anymore, but already the environment.

The second company included in our research is Facebook Inc. Started as a student membership website, Facebook has surpassed at the beginning of 2014 1.23 billion monthly active users¹², 945 million mobile users, and 757 million daily users.

Emag.ro is one of the largest Romanian online stores, owned by Dante International. It started in 2001 as an online platform selling stationery and calculus systems. Currently, the online magazine offers products from a broad series of categories, from electronic equipment to cosmetics, toys, movies and fast moving consumer goods (FMCG). In their financial documents, the company reported 4 million users/month in 2013, and a turnover of 187 million Euros.

10. in4mation insights, located in Needham, MA, was founded in 2006 by Mark Garratt and Steve Cohen. Their vision is to evolve the field of analytics and marketing research beyond the standard methods by providing the marketplace with highly innovative solutions and predictive tools.

11. A petabyte is 1,048,576 gigabytes

12. According to Facebook, active user is defined as an user who has logged into Facebook at least once in the previous 30 days.

Orange Romania is the France Telecom brand that offers worldwide mobile communications services, Internet and television, having 183 million clients worldwide. In Romania, it has 10,382,481 clients (as of October 2013) and a turnover of over 917,000 Euro. For this paper, we have analyzed the terms and conditions stated in the contract for the postpaid voice services.

Table 1. Comparison of Terms and Conditions from Google Inc, Facebook Inc, Emag.ro, and Orange Romania

Terms and conditions	Google Inc.	Facebook Inc.	Emag.ro	Orange Romania (voice postpaid contract)
<i>Data provided by users</i>				
Account requirement	1	1	1	1
Restrictions from creating an account	1	1	0	1
Public information displayed	3	3	0	0
Options to restrict the company's access to your personal data	1	1	1	1
<i>How data is created and used: content property (creating, sharing, uploading, submitting, storing, sending, receiving); data storage, ceasing services</i>				
Content property (creating, sharing, uploading, submitting, storing, sending, receiving)	9.5	4.5	9.5	1
Data storage	1	1	2	0
Ceasing services	2	1	1	-
<i>Third party data usage: use of data for the company's purposes; sharing data and using data for other purposes, tracking, monitoring and personal information analysis; data transfer in other countries; transparency on law enforcement requests.</i>				
Use of data for the company's purposes	7	13	8	7
Data transfer in other countries	0	1	1	1

Sharing data and using data for other purposes	2	2	2	2
Tracking, monitoring and personal information analyze	2	2	2	0
Transparency on law enforcement requests	0	0	1	1
Total	30.5	31.5	27.5	14

Results and discussions: there are close scores obtained by the companies which have been analyzed, apart from Orange, for which we have taken into account only one service. The highest scores are being recorded in those areas where the information is not only recorded but also processed and then either sent to other partners or sold for commercial purposes. The other high score is obtained in the area where personal information of users is treated as a commodity - where companies ask for this commodity in exchange to providing a certain service. In the rush to collect data, to share it, to analyze it, to process it, to mine it, in order to offer tailored services and to take advantage of every innovation, companies and consumers find themselves in middle of a strong debate regarding the privacy and confidentiality. Also, there are not big differences between the Romanian company and the US based ones - a sign that although the UE has tough regulation as regards personal data, they are either not applicable in Romania yet or the Romanian company is just doing things its way. The only big difference is in the sub-category how much of the personal information is displayed, where both Google and Facebook have higher scores than the Romanian companies. It's most probably something which relates with the type of business, rather than the care for the privacy rights in the case of the Romanian companies analyzed.

Fully securing our online data is no longer possible, and our online activities are subject to monetization, development and research. Consumers deserve to benefit from high standards of commitment from the companies they trust their information with. This means that both companies, and customers should act in a more responsible way confronted with personal and sensitive information. In the users case, many of them tend to be unaware of the potential dangers of over-sharing information on different online environments and the ways other persons, not companies, might take advantage of that specific information. The best example in this case

is sharing information about ones location or holiday's location, leaving an open space for potential thieves. Also, research (Asay, 2013) and different experiments show that many users do not read the terms and conditions and the privacy policies¹³.

Besides this, for the persons who read these documents, the language and the particularities of certain terms (e.g. data storage and legislation) might not be easy to understand. This leads us to the responsibility of the company. Under the façade of tailored services, we could see that the companies' practices go further. They can track many of our online activities, be it on their website or on others. Everything is measured and analyzed, making possible for third parties to benefit or could lead to a discriminatory profiling based on age, race, ethnicity etc.

In essence, our paper raises a few interesting issues to explore further: personal information and online actions are becoming commodities. At the same time, trade and revenues are generated by the primary and secondary processing of personal data. The actions of the companies are in a grey area, due to the fact that the information requested by Terms and Conditions is voluntarily provided.

To put everything in balance is easy, but finding the right way to focus on the responsible way of collecting more data, because this is what future reveals to us, is a real challenge. The debate goes now to the ethical sphere, where the battle between acceptable and not acceptable, and the context and the purpose will play a bigger role in defining the ethical framework, more than legislation.

13. Two situations are popular among the examples given to sustain these affirmations. In 2004, PC Pitstop, a company active in the technology field, put a clause in its end-user license agreement, offering \$1,000 to the first person who emailed the company at a certain address. Only after five months and 3,000 sales, someone wrote the company asking for the sum of money. Another recent example, from 2010, refers to Gamestation, a computer game retail, which wanted to play a joke for April fools day, mentioned in their Terms and conditions that the users would sell them their souls. They added the „immortal soul clause” to the contract signed before making any online purchase, stating that customers grant the company the right to claim their soul. In that day, 7500 online agreements were signed.

What we see from our research is a need to invest more in the digital education of the consumer, to help him / her better understand his/her choices, the possible consequences of his/her online activities and the impact these could have upon shaping the legislation.

References

- Asay, C.D. (2013). Consumer Information Privacy and the Problem(s) of Third-Party Disclosures. *Northwestern Journal of Technology and Intellectual Property*, 11(5), 321-330.
- Bollier, D. (2010). *The Promise and Peril of Big Data*. Washington DC: Aspen Institute.
- Boyd, D. and K. Crawford. (2012). Critical Questions for Big Data. Provocations for a Cultural, Technological and Scholarly Phenomenon. *Information, Communication & Society*, 15(5), 662-279.
- Buck, C., Horbel, C., Kessler, T., and Germelmann, C. (2014). Mobile Consumer Apps: Big Data Brother is Watching You. *Marketing Review St. Gallen*, 1, 27-34.
- Brown, J. (2010). Gamestation EULA collects 7500 souls from unsuspecting customers. Retrieved from www.geek.com,
- Cardozo, N., Cohn, C., Higgins, P., Opsahl, K., and Reitman, R. (2014). The Electronic Frontier Foundation's Fourth Annual Report on Online Service Providers' Privacy and Transparency Practices Regarding Government Access to User Data. Retrieved from <https://www.eff.org/files/2014/05/19/who-has-your-back-2014-govt-data-requests.pdf>.
- Chen, H., Chiang, R.H.L., and Storey, V.C. (2012). Business Intelligence and Analytics: From Big Data to Big Impact. *MIS Quarterly*, 36 (4), 1165-1188.
- Clemons, E.K., Josh, W., and Fujie, J. (2014). Investigations into Consumers' Preferences Concerning Privacy: An Initial Step Towards the Development of Modern and Consistent Privacy Protections Around the Globe. *Proceedings of the 2014 47th Hawaii International Conference on Systems Sciences*, Waikoloa, Hawaii.
- Dante International SRL (owner Emag.ro) (2014). Terms and Conditions and Privacy Policy. Retrieved from <http://www.emag.ro/info/termeni-si-conditii>.
- Davenport, T.H., and D.J. Patil. (2012). Data Scientist - The Sexiest Job of the 21st Century. *Harvard Business Review* (October), 70-78.

- Dowling, D.C. Jr. (2009). White and Case report –International Data protection and privacy law. Retrieved from http://www.whitecase.com/files/publication/367982f8-6dc9-478e-ab2f-5fdf2d96f84a/presentation/publicationattachment/30c48c85-a6c4-4c37-84bd-6a4851f87a77/article_intldataprotectionandprivacylaw_v5.pdf
- EU (2014). European Directive on Data Protection. Retrieved from <http://ec.europa.eu/justice/data-protection/>.
- Facebook (2014). Retrieved from <https://www.facebook.com/legal/terms>
- Facebook (2014). Financial reports. Retrieved from <http://investor.fb.com/results.cfm>
- Fang, Z., and Li, P. (2014). The Mechanism of “Big Data” Impact on Consumer Behavior. *American Journal of Industrial and Business Management*, 4, 45-50.
- Gehrke, J. (2012). Quo vadis, data privacy? *Annals of the New York Academy of Sciences*, 1260, 45-54.
- Google (2013). Trend Report. 2013. Adblocking and anti-tracking search queries Retrieved from <http://www.google.com/trends/explore#date=1%2F2013%2012m&cmpt=q>.
- Google (2014). Financial report. 2014. Retrieved from <https://www.google.com/finance?fstype=bi&cid=694653>.
- Google (2014). Terms and Conditions and Privacy Policy. Retrieved from <http://www.google.com/intl/en/policies/terms/>.
- Groves, P., Kayyali, B., Knott, D., and Van Kuiken, S. (2013). The “Big Data” Revolution in Healthcare. Accelerating Value and Innovation. Center for US Health System Reform.
- Herther, N.K. (2014). Global Efforts to redefine Privacy in the Age of Big Data. *Information Today*, 31(6), 33-36
- IAB UK Report. (2012). Consumers and Online Privacy. Retrieved from <http://www.iabuk.net/research/library/consumers-and-online-privacy-2012>.
- Kulathuramaiyer, N., and Balke, W.-T. (2006). Restricting the View and Connecting the Dots, Dangers of a Web Search Engine Monopoly. *Journal of Universal Computer Science*, 12(12), 1731-1740.
- Laurila, J.K., et al. (2012). The Mobile Data Challenge: Big Data for Mobile Computing Research. Proceedings of the Workshop on the Nokia Mobile Data Challenge, in Conjunction with the 10th International Conference on Pervasive Computing.
- Lohr, S. (2012). The Age of Big Data. *New York Times*. Retrieved from www.nytimes.com.
- Loukides, M. (2011). What is Data Science. Sebastopol, CA: O'Reilly Media.

- MacDermott, S., and Smith, J.R. (2013). The Future of Privacy: A Consumer-Oriented Approach to Managing Personal Data Online. *Tuntherbird International Business Review*, 55 (1), 3-12.
- Mailat, C. (2014). Cel mai bun an pentru eMAG a fost încheiat cu o pierdere de aproape 7 mil. Lei. Retrieved from <http://www.capital.ro/cel-mai-bun-an-pentru-emag-a-fost-incheiat-cu-o-pierdere-de-aproape-7-mil-lei-cum-explica-iulian-stanciu-rezultatul-negativ.html>
- McAfee, A., and Brynjolfsson, E. (2012). Big Data: The Management Revolution. *Harvard Business Review*, 59-66.
- Needham, J. (2013). Disruptive Possibilities. How Big Data Changes Everything. Sebastopol, CA: O'Reilly Media.
- Oprea, M. (2014). Legea Big Brother, declarată neconstituțională de CCR. Retrieved from <http://www.avocatnet.ro/content/articles?id=37865>.
- Orange (2014). Terms and Conditions contract (postpaid services). Retrieved from <https://www.orange.ro/produse-si-servicii/termeni-si-conditii>.
- Page Fair (2013). Page Fair Report. 2013. The Rise of Adblocking. Retrieved from http://downloads.pagefair.com/reports/the_rise_of_adblocking.pdf.
- Pavolotsky, J. (2013). Privacy in the Age of Big Data. *Business Lawyer Journal*, 69(1), 217-225.
- PewInternet (2013). PewInternet Report. 2013. Anonymity, Privacy, and Security Online. Retrieved from <http://www.pewinternet.org/2013/09/05/anonymity-privacy-and-security-online-2/>
- Protalinski, J. (2014). Facebook passes 1.23 billion monthly active users, 945 million mobile users, and 757 million daily users, January. Retrieved from <http://thenextweb.com/facebook/2014/01/29/facebook-passes-1-23-billion-monthly-active-users-945-million-mobile-users-757-million-daily-users/>.
- Richards, N.M., and King, J.H. (2013). Three paradoxes of Big Data. *Stanford Law Review Online*, 66(41), 41-46.
- Richards, N.M., and King, J.H. (2014). Big Data Ethics. *Wake Forest Law Review*, 49, 393-432
- Russom, P. (2011). Big Data Analytics. TDWI Research.
- Sangameswar, S. (2013). Big Data - An Introduction. Kindle Books, version 1.1.
- Schonberger, V.M., and K. Cukier. (2014). Big Data. New York: First Mariner Books.
- Sprenger, P. (1999). Sun Over Privacy: Get it over it. Retrieved from <http://archive.wired.com/politics/law/news/1999/01/17538>.
- Stanton, D. (2014). GfK survey on data privacy and trust. Retrieved from <http://www.gfk.com/Documents/GfK-Privacy-Survey.pdf>.

- Siegel, A. (2013). When simplicity is the solution. Retrieved from online.wsj.com.
- Tene, O., and Polonetsky, J. (2013). Big Data for All: Privacy and User Control in the Age of Analytics, *Nw. J. Tech. & Intell. Prop.* 239. Retrieved from <http://scholarlycommons.law.northwestern.edu/njtip/vol11/iss5/1>, viewed on 10.09.2014.
- Vasilache, A. (2013). Numărul Clientilor Orange România a crescut cu peste 10,38 milioane de utilizatori (SIM-uri valabile), 20% dintre aceștia fiind utilizatori de smartphone. Retrieved from <http://economie.hotnews.ro/stiri-telecom-15870802-numarul-clientilor-orange-romania-crescut-pest-10-38-milioane-utilizatori-sim-uri-valabile-20-dintre-acestia-fiind-utilizatori-smartphone.htm>.
- Watson, H.D. (2014). Addressing the Privacy Issues of Big Data. *Business Intelligence Journal*, 9(2), 4-7.
- Whitepaper (2012). Challenges and Opportunities with Big Data. A Community White Paper Developed by Leading Researcher across the US. Retrieved from <http://www.cra.org/ccf/files/docs/init/bigdatawhitepaper.pdf>.
- World of Statistics (2013). Statistics and Science-A Report of the London Workshop on the Future of the Statistical Sciences. 2013. Retrieved from <http://www.worldofstatistics.org/wos/pdfs/Statistics&Science-TheLondonWorkshopReport.pdf>.
- Yetiskin, E. (2014). Economediatric Data. An Introduction to Critical Big Data Studies. Retrieved from https://www.academia.edu/8122558/Economediatric_Data__An_Introduction_to_Critical_Big_Data_Studies.

Research in the field of goodwill and corporate governance accounting: a synthesis bibliography in the 2011-2014 academic literature

Luminița Mihaela DUMITRAȘCU¹

Radu - Daniel LOGHIN²

Abstract. *We present a quantitative study regarding the recent research in the field of goodwill and corporate governance accounting. We focus on the research done in 2011-2014. This research contributes to the existing one, being a synthesis of the literature review. We have included many important academic journals as part of the survey, with the goal to find a trend within the academic community for the publishing of scientific papers within the boundaries of goodwill accounting and corporate governance. We find that the existing body of scientific literature acts as a deterrent for the study of existing themes and it is used instead as a basis for new and innovative discourses beyond the scope of the previous studies..*

Keywords: *semantical analysis; frequencies, international accounting; corporate governance; goodwill.*

Introduction and literature review

Corporate governance is a set of rules under which companies are managed and controlled, that branch of economics that studies how companies can become more efficient, promote fairness, transparency and accountability at the company level. This can be viewed narrowly and broadly. Narrowly, corporate governance is a set of economic and legislative means to help ensure investors' interests. In a broad sense is a set of standards and controls applied in order to protect and harmonize interests, in many cases contradictory, of all categories of economic actors (stakeholders) of the organizations.

1. Assistant professor, Ph.D., Bucharest University of Economic Studies, Bucharest, Romania, red_mille_ro@yahoo.com.

2. Ph.D. candidate, Bucharest University of Economic Studies, Bucharest, Romania.

Corporate governance is a combination of laws, regulations and codes of conduct adopted on a voluntary basis to ensure the company to attract financial and human capital necessary for its activity and ability to operate effectively in order to ensure existence by generating long-term value for its shareholders and society .

The stakeholders are „any group of individuals who can affect or is affected by the achievement of the organization objectives” (Freeman, 1984). The number of owners and shareholders and their role differ from company to company according to its size. Managers’ role is to be accountable to the owner(s), to control, to organise, to take decisions, to plan etc. Employees are important to carry out the activities of a company. Another stakeholders are: investors (there are studies that explore the correlation between sustainability and performance, the main aspect that investors take note about), customers, suppliers, authorities, communities.

According to the literature, we found the sources of corporate governance theory, as were noted by James P. Hawley and Andrew T. Williams, in 1996. (Hawley & Williams, 1996). These were the starting point for the Organization for Economic Cooperation and Development (OECD), which consider the existence of the four theoretical sources of corporate governance:

- The Agency Theory;
- The Stewardship Theory;
- The Stakeholder Theory;
- The Legitimacy Theory.

The Agency Theory (The Agent’s Theory or the Principal - Agent Theory or the Shareholder Model) (La Porta et al., 1999; Hart, 1995; Eisenhardt, 1989; Fama & Jensen, 1983; Fama, 1980; Jensen & Meckling, 1976) aims at monitoring managers by administrators to eliminate the potential negative effects. The sole responsibility of an organization is the profit, legally obtained, as Milton Friedman said, a professor at the University of Chicago, Nobel laureate for Economics. In 1776, Adam Smith, the author of the „Wealth of Nations, Research on its Nature and its Causes”,

brings into the spotlights the notion of the „invisible hand”, emphasizing the regulatory function of the market in terms of rational allocation of the resources. The Agency Theory is tackled later by Mill (1848/1909) and Berle and Means (1932/1991), who highlights the idea that managers act in their own interest, considering the existing divergences. The Agent Theory is based on the fact that managers (agents) must act in the interest of shareholders (principal). It thus appears the clear separation between ownership and control. However, it is interesting to note why managers should act in this direction.

The Stewardship Theory shows that the managers work in the interests of stewards (Muth & Donaldson, 1998; Donaldson & Davis, 1991; Donaldson, 1990). The Stakeholder Theory (Kolb, 2010; Laplume, Sonpar & Litz, 2008) establishes the responsibilities of all stakeholders (Laplume, Sonpar & Litz 2008; Jonge, 2006; Roberts & Mahoney, 2004; Jensen, 2001; Stoney & Winstanley, 2001; Mitchell et al., 1997; Donaldson & Preston, 1995). Freeman (1984, p. 45) is also the proponent of this theory, which refers to the sustainability or triple bottom line (Elkington, 1997).

The Legitimacy Theory provides that organisations agree to undertake various social activities. (Mathews, 1993; Gray, Kouhy & Lavers, 1995a; Neu et al., 1998; Campbell, 2000; Parker, 2005, De Villiers & Van Staden, 2006). As shown in the literature, the Agency Theory is the fundamental theory in corporate governance.

The Corporate Governance Models (Feleagă, Feleagă & Dragomir, 2010; Feleaga, 2008; Short, 1998):

The Anglo-Saxon Model or the Outsider Model or the Shareholder Model is characterized by:

the capital allocation;

- the Stock Exchange is the main financier;
- the one tier system: board of directors ((non)executive directors);
- the information transparency;
- the authorities' non-involvement in the economy;
- the external control;

- the accounting disconnected from fiscality;
- the accounting system: Generally Accepted Accounting Standards (GAAP);
- the accounting profession has an important role in normalizing;
- the increased liquidity;
- the common law system;
- is specific for: Australia, United Kingdom, United States of America, Hong Kong etc.

The Continental Model or The Insider Model or The Stakeholders' Model is characterized by:

- the focus on capital;
- the banking system is the main financier;
- the two tier system: Board Supervisor, Board of Directors;
- the direct involvement of the company owners in management;
- the state involvement in accounting normalization;
- the internal control;
- the accounting connected to fiscality;
- the accounting system: International Financial Reporting Standards (IFRS);
- the constant concern to improve the quality of human capital;
- the unstable economic environment;
- the written legal system;
- is specific to continental countries and Japan.

The cultural and the legal differences help trying to converge to global corporate governance systems. We cannot say there is a best model of corporate governance, all systems presenting pluses and minuses, the perfect model of corporate governance being only an illusion. (Elkington, 2006). The study done by Rafael La Porta and his research team (La Porta, 1997) is a comparison of the corporate governance systems. The research conducted on a sample of 49 countries, reflects from a legal point of view that the English system offers the highest protection of investors, followed

by the German one, while the French system provides a small degree of protection.

The existence of furthermore models of corporate governance can be argued, as stated above, in terms of different national cultures and, in this case, is relatively difficult to build a single model of corporate governance able to fit perfectly on each country. It is the same thing with trying to put the same ring on the finger of furthermore people, the opportunity to suit perfectly to all of them being very low. The classification and the framing, is useful for various analyzes and empirical research. A challenge is to find the representative points of convergence of corporate governance models. The wide range of corporate governance systems directs us to the question: "which one is more reliable?". The corporate governance systems from United Kingdom (where the focus is on protection of investors, unlike with the one from continental-European countries), France, Germany are some of the best, and their differences are not so significant to other states. (Abbott & Snidal, 2004). At the opposite pole there are the least developed or in transition countries, within the corporate governance systems are not practically implemented. A reliable system of corporate governance is the one able to anticipate and prevent the shareholders-managers conflicts or the shareholders-creditors conflicts.

There is a very fine line between corporate governance, goodwill, corporate social responsibility and sustainability. All are extremely important for a company and should not be viewed separately. Responsibility for society is a strong differentiating factor for companies, with implications on sustainable development of society. Social responsibility actions, on short-term, includes costs for the organisation, but on long term they brings a win-win-win relationship, if we try to look beyond the numbers. Social responsibility is not a necessity, is an important economically, ecologically, and socially obligation.

There are two definitions of reputation, one of the organization's perspective and from the perspective of stakeholders. Organizational reputation is an intangible asset (Ferguson et al., 2000). Organizations can be viewed as a network of relationships (Jones, 1995), and their ability to be in good relations with several stakeholders at the same time can be a core value.

In the Information Age, intangible assets provide an ever greater assistance to stakeholders and improve the social peace of their respective entities. Improvements in technology have allowed an ever greater number of entities to improve their communications with its stakeholder network. This network has seen the rise of a new class of assets described initially by Menger, which writes “Of special scientific interest are the goods that have been treated by some writers in our discipline as a special class of goods called ‘relationships’. In this category, there are firms, goodwill, monopolies, copyrights, patents, trade licenses, authors’ rights, and also, according to some writers, family connections, friendship, love, religious and scientific fellowships, etc.” (Menger, 2004; Magliulo, 2010). From an Austrian perspective goodwill and communications are assets of a company and a measure of real wealth.

According to the guidance set by 35-3C Transition Guidance 350-20-65-1, as amendments to SFAS 142, several circumstances should be considered while performing impairment tests on an entity’s goodwill accounts.

Such circumstances are subject to the entity as well as its stakeholder/ shareholder framework, including a definitive list of socio-economic and operational factors which interfere with the entity’s capability of presenting itself as an appropriate enterprise within its stakeholder framework.

**Table 1. List of Socio-Economic and Operational Factors
(based on FAS 142)**

Factors	Related parties	Risk
Macroeconomical factors	National and international agencies	Interest risks, Political risks
Appraisals of the market and the sector	Competitors, lenders, clients, the central banks	Political risks, marketing risks, operational risks
Cost fluctuations	Unions, lenders, state	Operational risks
Relevant events	Partners and managers	Political and operational risks
A drop in the share prices	Investors, Central Bank	Capital and Operational risks

This decision framework relies on an appropriate level of corporate governance disclosure, as a risk mitigator factor in the relationship with the appropriate related parties. Such parties can be considered from the ranks of both the shareholders and stakeholders alike. While the markers of impairment are loose and apply to a variety of business models, the underlying factor in all business models is a good model of corporate governance.

Critics like Lev and Zarowin argue that the accounting treatment of the intangible assets (omitting several key intangible assets from the balance sheet) has reduced the utility of the balance sheet and comprehensive income. Lev's analysis draws on two benefits of using intangible assets namely (a) the complementary use and (b) the chain effects. An adequate corporate governance disclosure system fulfills this demands. The complementary use implies that intangible assets can be used simultaneously to fulfill many tasks. An adequate corporate governance disclosure system enhances the quality of the financial statements by earning the trust of the investors. According to Aishah Hashim and Devi(2008), firms which disclosed compliance with corporate governance codes in Malaysia had a greater earnings quality. The users of financial statements are more likely to accept the financial results of a company with a higher level of corporate governance transparency. Also, disclosing the corporate governance structures reduces litigation risks as third parties will find the appropriate person to voice their concerns and thus be less likely to sue the company over unsatisfactory interactions. Moreover by ensuring the stakeholders are acknowledged in the annual report, reduces the alienation of these parties.

Lastly, disclosing the corporate governance system in an appropriate manner reduces audit costs by limiting the time required for the collection of evidence. Thus the corporate governance disclosure system provides multiple purposes satisfies the first criteria for inclusion as demanded by Lev.

Regarding the chain effects, this implies that an insignificant early advantage can lead to significant later advantages leading to the control of the market. Effective corporate governance codes are a game changer and insignificant advantages such as a better board disclosure prevent fraud

and save investors millions. Chung et al. (2007) find that firms with better corporate governance have narrower spreads, higher market quality index, smaller price impact of trades, and lower probability of information-based trading. Moreover intangible assets such as a corporate governance disclosure system produce other means of gaining onto the market such as goodwill and dividends for the owners.



Figure 1. The link between goodwill and corporate governance

It is obvious from the cycle that better corporate governance disclosures will demand more resources from the company's management and thus be likely to incur a cost on the shareholders. However if the initial setting provide an advantage over the competitors such costs are likely to be mitigated by the benefits of the endorsement and the costs will contribute to a better stakeholder framework. Such a shift in the balance of power is likely to benefit the stakeholders with impacts over the accounting policies and principles endorsed by the company and thus provide even more benefits for the company.

Hypothesis, sample selection and methodology

A problem for academics is if the planning of their research initiatives. Such planning has to be considered within the larger body of scientific literature with respect to originality, prior research and relevance. Since the issues of goodwill and corporate governance can combine in many contexts the problem in hand is to find a method to plan the scope of the research.

The issue thus in question for the paper is whether the interest expressed by researchers in topics related to goodwill and corporate governance are limited by the pre-existent body of literature and what is the exploratory limit available to authors at the present moment. A natural formulation of the problem would be that the more a theme is studied within the body of scientific literature the less likely an author would be to approach the issue as part of his or her research.

Thus, the hypothesis in question for the study and its null hypothesis can be formulated accordingly:

H0: Research initiatives in the matters pertaining to goodwill and corporate governance are significantly dependant on previous research!

H1: Research initiatives in the matters pertaining to goodwill and corporate governance are not significantly dependant on previous research!

We opted for a quantitate analysis of a qualitative data set through epistemic mapping and numerical analysis of the data derived from the meta-data. The data reflected research which focused on areas related to goodwill accounting and corporate governance and represent an appropriate mirror of the interference between those epistemic areas. The research papers were selected for relevance and meaning and were excluded those research papers which focus on corporate governance and goodwill accounting in a superfluous manner or are irrelevant to the accounting discourse which focus on other social sciences such as sociology and political sciences.

The data was extracted from the Science Direct database and it includes 45 relevant research papers which bridge the gap between goodwill accounting and corporate governance for the period 2011-2014.

We have included in our sample academic journals such as Critical Perspectives on Accounting, International Review of Financial Analysis, Emerging Markets Review, Journal of Accounting and Public Policy, Journal of Accounting and Economics, Research in Accounting Regulation, Advances in Accounting, Management Accounting Research, Journal of Corporate Finance, Journal of Financial Economics, International Business Review, Journal of Comparative Economics, World Development,

Management Accounting Research, International Journal of Information Management, The International Journal of Accounting, International Journal of Project Management, International Business Review.

Results

The time period for this review is 2011-2014. While we could not review exhaustively the literature, we identified those articles which we considered relevant for our research. The main idea of our research is that to find the relevant papers on the basis of the keywords detection. We used in the present study a quantitate analysis of a qualitative data set through epistemic mapping and numerical analysis of the data derived from the meta-data.

While we researched the relationship between corporate governance and goodwill we discovered that the nowadays evidence is too variable to scatch up some generalizable conclusions. By this quantitative research we conduct a meta analysis of 45 studies.

No	Article	Author 1	Author 2	Author 3
Emerging Market Sample	Keyword 1	Keyword 2	Keyword 3	Keyword 4

Figure 2. The basis of the quantitate analysis

Table 2. The semantic areas

Semantic Areas	Number of Keywords	Percentage	Priority
business combinations	8,00	5%	17
closed governance systems	6,00	3%	12
corporate governance theory	24,00	14%	2
Fraud	10,00	6%	8
Globalization	6,00	3%	13
governance mechanisms	3,00	2%	19
IT	6,00	3%	10
macroeconomic risks	4,00	2%	18
Methodology	13,00	7%	3
Metrics	22,00	13%	1
organizational behaviour	3,00	2%	16
Others	7,00	4%	5
Ownership	5,00	3%	11
Politics	10,00	6%	6
Regulation	9,00	5%	9
risk management	7,00	4%	14
Sampling	9,00	5%	7
stakeholder theory	6,00	3%	15
Stakeholders	3,00	2%	20
Values	13,00	7%	4
Total	174,00	100%	-

From the articles we extracted the four top keywords and the number of contributing authors:

Table 3. The epistemic areas

Epistemic area	Total Unique Key-Words	Sample
Business combinations	4	Merger
Small-scale governance systems	6	S&M enterprises
Corporate governance theory	12	Corporate Social Responsibility
Creative accounting	8	Moral hazard
Globalization	6	Internationalization
governance practice	4	Stock based incentives
Information Technology	6	IT-based co-creation of value
macroeconomic risks	3	2007/2008 financial crisis
Research methodology	11	Labor theory creation
Performance metrics	20	Goodwill
Organizational behaviour	3	OCB
Others	6	Learning from failures
Ownership	8	Family firms
Politics	9	Privatization
Regulation	8	Sarbanes Oxley
risk management	7	Information asymmetry
Sampling	8	Athens Stock Exchange
Public Relations	6	Social performance
Related Parties	3	n o n g o v e r n m e n t a l organizations
Value systems	13	Justice
Total	152	X

Some keywords which belong in practice to a two or more epistemic areas were grouped based upon the dominant aspect of the keyword. In the case of cross-border M&A for instance the focus of the discourse is at the crossroads of globalization and business combinations, but from an ideological perspective the discourse emphasizes globalization in contrast with domestic M&A. After we determined the major epistemic areas, we mapped the keywords in the research papers based upon the categories. From the mapped research papers we derived two numeric variables and

two variables which were analyzed in an univariate regression. Regarding the relative research priority metric which is the dependent variable of the study was derived from a popular keyword density formula adapted for use in the paper's context. The original formula is the following where X_j represents the presence of the phrase, T_i represents the word count of the phrase and $\sum_{k=0}^n i_{kj}$ represents the total word count from the text.

$$\rho_{ij} = X_j \times T_i \div \sum_{k=0}^n i_{kj}$$

This formula was modified for the purpose of the paper with the following variables:

$$\rho_{ij} = N_j \times f_i \div \sum_{k=0}^n i_{kj}$$

and

$$\bar{\rho}_i = \sum_{j=0}^n \rho_{ij} \div m$$

where represents the average focus on a particular epistemic area, N_j represents the total number of authors which contributed to the publication of a research paper, represents the frequency of mentioning of the epistemic area within the keywords and $\sum_{k=0}^n i_{kj}$ as in the previous model represents the total number of epistemic areas tackled within the paper's keywords. The m variable represents the total number of research papers sampled. The rank of the paper was determined according to Mirimanoff's (1917) set theory. This variable depicts the average interest expressed in the subfield by researchers and forms the dependent variable of the model.

Regarding the independent variable, we picked the average presence of the epistemic area within the literature. This was determined by the following

manner, where $\bar{\alpha}_i$ represents the average interest in the field weighted from all the key-words mapped by the procedure.

$$\bar{\alpha}_i = f_i \div \sum_{k=0}^n i_k$$

The regression involves describing and evaluating the possible links between several variables.

Table 4. The Regression- Summary Output

Multiple R	0.81	$R^2 / x_1, x_2, \dots, x_k = \sqrt{\frac{\sum_{i=1}^n (\hat{y}_i - \bar{y})^2}{\sum_{i=1}^n (y_i - \bar{y})^2}} = \sqrt{1 - \frac{\sum_{i=1}^n (y_i - \hat{y}_i)^2}{\sum_{i=1}^n (y_i - \bar{y})^2}}$
R Square	0.65	$R^2 = \frac{\Delta_{y/x}^2}{\Delta_y^2} = 1 - \frac{\Delta_e^2}{\Delta_y^2} = \frac{\sum_{i=1}^n (\hat{y}_i - \bar{y})^2}{\sum_{i=1}^n (y_i - \bar{y})^2}$
Adjusted R Square	0.63	$\hat{R}^2 = 1 - \frac{\Delta_e^2 / n - k - 1}{\Delta_y^2 / n - 1}$
Standard Error	3.55	$s_e = \sqrt{\frac{\Delta_e^2}{n - 2}} = \sqrt{\frac{\sum_{i=1}^n (y_i - \hat{y}_i)^2}{n - 2}}$

According to the table above, the R^2 is close to tends to one, meaning the model explains 63% of the empirical observations. According to the Fisher

test performed in order to rule out the null hypothesis, the significance of the model is satisfactory $1.42E-05 < 5\%$. Thus the model is valid.

Table 5. The Anova test

<i>Anova</i>	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	437.6669	437.6669	34.65401	1.42E-05
Residual	18	227.3331	12.62962		
Total	19	665			

Also, the p-value stats of the variables within the model fit the required statistical tests.

<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
17.80845	1.474047	12.08133	4.53E-10	14.71159	20.90531	14.71159	20.90531
-146.169	24.8301	-5.88677	1.42E-05	-198.335	-94.0029	-198.335	-94.0029

$$\bar{\rho}_i = -146.169 \times X + 17.80845$$

Regarding the coefficients, the suprising findings are that authors try to expand beyond the confines of the previous body of scientific literature and are discouraged to replicate previous studies or to adapt them to a new context. Instead, most authors try to explore new niches distinct from their predecessors. Thus, while the body of scientific literature does not encourage convergence of the studies towards a common topic, it does encourage a diversification of the scientific effort. For the emerging market research, where research is only beginning, such a trend could only mean a boom of scientific literature breaking new grounds awaits to be written.

Conclusions

It is challenging to study and analyze corporate governance in periods of economic turbulence. These activities should be communicated by presenting concrete results and achievements; this contributes to

greater understanding of the nowadays research. Corporate governance is recognized as a key element in attracting investment and increasing economic performance and competitiveness in the long run. However, due to cultural factors, economic and social in emerging economies can not speak yet of a comprehensive approach, especially when it is compared with developed economies. \regarding the research of the relationship between corporate governance and goodwill we can say that the nowadays evidence is too variable to scatch up some generalizable conclusions. By this quantitative research of the relevant papers which bridge the gap between goodwill accounting and corporate governance we conduct a meta analysis of studies for the period 2011-2014. The data was extracted from the Science Direct database. Through our demarch we noted that the R^2 is close to tends to one, meaning the model explains 63% of the empirical observations. According to the Fisher test performed in order to rule out the null hypothesis, the significance of the model is satisfactory $1.42E-05 < 5\%$. Thus the model is valid. Also, the p-value stats of the variables within the model fit the required statistical tests.

References

- Abbott, K., and Snidal, D. (2004). Hard and Soft Law in International Governance. *International Organization*, 54, 421-422.
- Aishah, H., and Devi, S. (2008). Board characteristics, ownership structure and earnings quality: Malaysian evidence. Corporate Governance in Less Developed and Emerging Economies. *Research in Accounting in Emerging Economies*, 8(11), 97-123.
- Bromley, D.B. (2001). Relationships between personal and corporate reputation. *European Journal of Marketing*, 35(3/4), 316-34.
- Campbell, D. (2000). Legitimacy theory or managerial reality construction? corporate social disclosure in Marks and Spencer plc corporate reports, 1969-1997. *Accounting Forum*, 24(1), 80-100.
- Chung, K., Elder, J., and Kim, J.-C. (2007). Corporate Governance and Liquidity. *Journal of Financial and Quantitative Analysis (JFQA)*. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1142975.
- Collier, P.M. (2008). Stakeholder accountability, Accounting. *Auditing and Accountability Journal*, 21(7), 933-954.

- De Villiers, C.J., and Van Staden, C.J. (2006). Can less environmental disclosure have a legitimating effect? Evidence from Africa. *Accounting, Organizations and Society*, 31(8), 763-781.
- Demartini, P., Paoloni, M., Bernardi C., and Paoloni, P. (2013). A New Performance Reporting for Sustainability Projects. *Proceedings of European Business Research Conference*. Sheraton Roma, Rome, Italy, 5-6 September 2013.
- Donaldson, L., and Davis J. (1991). Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns. *Australian Journal of Management*, 16(49), 50-53.
- Donaldson, T., and Preston, L.E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1) , 65-91 .
- Donaldson, L. (1990). The ethereal hand: organizational economics and management theory. *Academy of Management Review*, 15(3), 369-381.
- Eisenhardt, K. (1989). Agency theory: an assessment and review. *Academy of Management Review*, 14(1), 57-74.
- Elkington, J. (1997). *Cannibals with Forks: The triple bottom line of 21st century business*. Oxford: Capstone Publishing.
- Elkington, J. (2006). Governance for Sustainability. *Corporate Governance: An International Review*, 14(6), 522-529.
- Fama, E.F. (1980). Agency problems and the theory of the firm. *Journal of Political Economy*, 88(2), 288-307.
- Fama, E.F., and Jensen, M.C. (1983). Agency Problems and Residual Claims. *Journal of Law and Economics*, 26(2), 327-334.
- Feleagă, N., Feleagă, L., and Dragomir, V.D. (2010). Comparative legal perspectives on international models of corporate governance. *African Journal of Business Management*, 4(18), 4135-4145.
- Feleagă, N. (2008a). Geneza, clasicism si contemporaneitate in evolutia guvernantei corporative. *Revista Contabilitate, Expertiza si Auditul afacerilor*. Bucharest: CECCAR Publishing.
- Feleagă, N. (2008c). Coordonate juridice, economice si financiare ale modelelor de guvernanta corporativa aplicate in tarile dezvoltate. *Revista Contabilitate, Expertiza si Auditul afacerilor*. Bucharest: CECCAR Publishing.
- Freeman, R.E. (1984). *Strategic Management: A Stakeholder Approach*. Boston: Pitman.
- Friedman (1970). The social responsibility of business in to increase its profits. *New York Times Magazine*, 13 September 1970, 32-33.

- Fombrun, C., and Van Riel, C. (2002). The reputational landscape. *Corporate Reputation Review*, 1(1), 5-13.
- Gray, R., Kouhy, R., and Lavers, S. (1995a). Corporate social and environmental reporting a review of the literature and a longitudinal study of UK disclosure. *Accounting Auditing and Accountability Journal*, 8(2), 47-77.
- Hart, O. (1995). Corporate Governance: Some Theory and Implications. *The Economic Journal*, 105(430), 678-689.
- Hawley, J.P., and Williams, A.T. (1996). Corporate Governance in the United States: The Rise of Fiduciary Capitalism, School of Economics and Business Administration, California: St Mary's College. Retrieved from www.lens-library.com/info/papers96/first/firstcontents.htm.
- Jensen M.C. (2001). Value Maximization, Stakeholder Theory, And The Corporate Objective Function. Bank of America. *Journal of Applied Corporate Finance*, 14(3), 8- 21.
- Jensen, M.C., and Meckling, W.H. (1976). Theory of firm: Managerial behavior, agency costs, and capital structure. *Journal of Financial Economics*, 3(4), 305-360.
- Jensen, M.C. (2002). Value maximization, stakeholder theory, and the corporate objective function. *Business Ethics Quarterly*, 12(2), 235-256.
- Jones, T.M. (1980). Corporate Social Responsibility Revisited, Redefined. *California Management Review*, 22(3), 59-67.
- Jonge, J. (2006). Value-Based Management. Retrieved from www.valuebasedmanagement.net.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A., and Vishny, R.W. (1997). Legal determinants of external Finance. *Journal of Finance*, 52(3), 1131-1150.
- La Porta, R., Lopez-de-Silanes, F., and Shleifer, A. (1999). Corporate ownership around the world. *Journal of Finance*, 54(2), 471-517.
- Laplume, A., Sonpar, K., and Litz, R. (2008). Stakeholder theory: A longitudinal review of a theory that moves us. *Journal of Management*, 34(6), 1152-1189.
- Menger, C. (1871/2004). *Principles of Economics*. Auburn: Ludwig von Mises Institute.
- Magliulo, A. (2010). The Austrian Theory of Relational Goods. *International Review Econ*, 57(2), 143-162.
- Mathews, M.R. (1993). *Socially Responsible Accounting*. London, UK: Chapman and Hall.
- Mirimanoff, D. (1917). Les antinomies de Russell et de Burali-Forti et le problème fondamental de la théorie des ensembles. *Enseign. math.*, 19, 37-52.

- Mitchell, R.K., Agle, B.R., and Wood, D.J. (1997). Toward a theory of stakeholder identification and salience: defining the principle of who and what really counts. *Academy of Management Review*, 22(4), 853-886.
- Muth, M.M., and Donaldson, L. (1998). Stewardship Theory and Board Structure: A Contingency Approach. *Corporate Governance: An International Review*, 6(1), 5-29.
- Narwal, M. (2007). CSR Initiatives of Indian Banking Industry. *Social Responsibility Journal*, 3(4), 49-60.
- Neu, D., Warsame, H., and Pedwell, K. (1998). Managing Public Impressions: Environmental Disclosures in Annual Reports. *Accounting, Organizations and Society*, 23(3), 265-283.
- Parker, L.D. (2005). Social and environmental accountability research: a view from the commentary box. *Accounting, Auditing and Accountability Journal*, 18 (6), 842-860.
- Roberts R.W., and Mahoney, L. (2004). Stakeholders Conceptions of the Corporation: Their Meaning and Influence in Accounting Research. *Business Ethics Quarterly*, 14(3), 399-431.
- Stoney, C., and Winstanley, D. (2001). Stakeholding: Confusion or utopia? Mapping the conceptual terrain. *The Journal of Management Studies*, 38(5), 603-626.

Nation state, market and corporations in the context of globalization

Robert SABOTICI¹

Abstract. *The main assumption of the present paper is related to the relationship between the State and the Market on the middle and long-term future. Under the assumptions that we use as the starting point of our analysis, global revolutions in democratic countries are unlikely, regardless of the formula and their expression domains. Thus, we start from the idea that the modern world would not know a revolution sector - economy, politics, culture, social, but a gradual change of societal type. From this point of view, our assumption favours a progressive change of the assembly-type in the society, in which the role of institutions and of the relationship between public and private / corporate will change in favour of the latter dimension. What is surprising and represents the main target of criticism in this paper is that the theorists, in their overwhelming majority, remain the prisoners of a pattern of thinking of the relations between the State and the market which were established in the nineteenth century and usually offer some sort of combination of the world political system, where, possibly, the rule of law and democracy exist and also an increased corporate social action.*

Keywords: *nation state; corporations, free market; globalization; economic and financial crisis; institutional change; corporate social responsibility.*

Introduction: two research questions

Starting from the observation that the economic effects of the financial and economic crisis, which started in 2008, had a major impact on the institutional reform at global scale, an institutional change designed to address the new challenges of the current economic dynamics, will affect inevitably the old structure of the fundamental institutions of modernity, in which the nation state still holds a privileged place. This inquiry, though

1. Ph.D. candidate in Sociology, National University of Political Studies and Public Administration, Bucharest, Romania, robert.sabotici@gmail.com.

apparently raises a theoretical issue, seeks to start a challenging discussion for further applied research with relevance for: collecting financial data for measuring the loan level of the students involved in higher education programmes, analysing the trend of unemployment due to higher education bubble, calculating the potential that the market can have in taking over state responsibilities in the new global context, obtaining results that could potentially provide predictions on the most important points about the current relationship between the State and the market.

Accordingly, a first research question which may also be a real concern for the new global political, economic and social issues will foresee if we can really talk about a necessary connection between the State and the free market. From this formulation it is clear that it will not be easy to formulate a response, knowing that, at least the institution of the nation State, not only that it was not designed to provide an appropriate response for the challenges we see today, but it did not even experienced them in the past.

The novelty of the relationship between the state and the free market nowadays, which tends to be available worldwide, leads to the assumption related to the research which says that not only there is no necessary connection between the State and the free market, but, among them, there is even a tension, respectively, the free market can provide higher development of various sectors, not just economic and financial but educational etc.

Thus, more specifically, a second research question can arise: can the free market provide a more efficient development of different sectors, not just economically, financially, but also educational? In what follows I will try to formulate an appropriate response to these questions, but only after specifying some necessary methodological stages: determination of the method of analysis, defining the concepts and developing the assumptions that can help in the analysis and also in formulating an appropriate response to the research questions.

Research method

Noting both the research topic and the concepts mentioned above, especially the free market and the State, we can fit this analysis in the holistic approach, which is encountered in many fields like economics, philosophy, sociology etc. In terms of methodology, a simple distinction mentioned early from Plato, who distinguished between knowledge as a whole and knowledge as part, is the distinction between methodological holism and methodological individualism; for example, structuralism is holistic, existentialism is individualistic, while the rational choice approach is also individualistic.

I think therefore suitable as method of analysis and also consistent with the holistic approach for this paper to use the case study as an analytical tool, by which I will analyse the present financial crisis and that of the higher education bubble. As Feagan, Orum and Sjobert (1991, p. 12) affirm, „the case study is an ideal methodology when a holistic, in-depth investigation is needed”. Although the case study is most frequently used in sociology, procedures for applying this analytical tool have been refined over time, becoming more robust. This has allowed that when these procedures are followed, the researcher will be following methods as well developed and tested as any in the scientific field (Tellis, 1997).

Simply defined, the case study is „an empirical inquiry about a contemporary phenomenon (e.g., a “case”), set within its real-world context—especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 1984, p. 18). Although the relationship between the state and the free market in the context of the economic effects with global impact, is a complex phenomenon with various branches of analysis, I use the case study about the higher education bubble and about the now a days economic and financial crisis in order to reserve a specific field for analysis, so that it can serve me as a concrete material for the broader discussion mentioned above, the relationship between the State and the free market. Thus, using the case study to reveal this relationship (the particular case of higher education) it is expected that this method of analysis developed in the social sciences will „use different methods that are combined with the purpose of illuminating a case from different angles” (Johansson, 2003). For the case discussed here, as a practical enquiry for this paper, I also

resort to the case study analysis because, as a qualitative method, it has other methodological advantages which offer an approach that facilitates exploration of a phenomenon within its context using a variety of data sources. This feature of the case study „ensures that the issue is not explored through one lens, but rather a variety of lenses which allows for multiple facets of the phenomenon to be revealed and understood” (Baxter & Jack, 2008).

It is suitable to show that we reject any historicist temptation, both the leftist one, of the need to overcome capitalism, and the opposite one, which denies the tension between the State and the free market, arguing instead that they both bring the end of history, “stopping the progress in developing the principles and the political institutions because all the really important issues have been resolved” (Fukuyama, 1992, p. 12).

The analysis is situated at this level of depth, including definitions of the State and of the market; she is merely to find the facts, to assume that the “historical connection of the two is based on a state of mind and not on the mechanical system of the market and democracy” (Lindblom, 2001, 230). Being focused on facts and acting non-speculatively, we are interested especially to explore the future developments of these fundamental institutions today, the State, the free market, and the corporations. Methodologically, this research focuses on analysing the tension between two concepts that define increasingly less cooperative and less communicating realities in the contemporary reality, an evident tension in the two cases that are studied here.

Defining the concepts

Defining the problem – the State and the free market: a number of indicators on the relationship between state and society, the state and the market, the free market and corporations look increasingly clear that the most important feature, not just the last 50 years, but probably for the next 50-100 years of societal development is the tension between the character, limited and local, of the most important political institution, the State, and the universal vocation of the most important capitalist economic institution, the free market.

The most widely accepted definition of the State, used by Max Weber, says that “the state is a human community which, on a defined territory - and the key word here is territory - claimed (successfully) the monopoly of legitimate physical force” (Weber, 1921, p. 397). The State institution is related, by all its functions (security, taxation, foreign relations etc.), of a territory and of the global society, and its institutions are, in their great majority, products made by the states. By their definition and by their link to a territory, states have the vocation to control all activities at their level, including the main institution of the capitalist economy, the free market. The latter is based on supply and demand with little or no government control. However, in order to be able to be understood more appropriate, „a completely free market is an idealized form of a market economy where buyers and sellers are allowed to transact freely (i.e. buy/sell/trade) based on a mutual agreement on price without state intervention in the form of taxes, subsidies or regulation... in simple terms, a free market is a summary term for an array of exchanges that take place in society”. Defined in this way, the free market will always include notions like *exchange*, understood as „a voluntary agreement between two parties who trade in the form of goods and services” (<http://www.investopedia.com/terms/f/freemarket.asp>). But the origins of such formulations about the free market features can be found, as is widely known, from Adam Smith, an 18th-century philosopher and free-market economist known his ideas about the efficiency of the division of labor and the societal benefits of individuals’ pursuit of their own self-interest. In his first book, *The Theory of Moral Sentiments*, Smith invented the concept of the invisible hand, understood as „a tendency of free markets to regulate themselves by means of competition, supply and demand, and self-interest” (<http://www.investopedia.com/terms/a/adam-smith.asp>) and also like a kind of an unobservable market force that helps the demand and supply of goods to reach equilibrium automatically.

It is important to note that the two concepts mentioned above, the state and the market were very often part of great debates concerning how they can be defined, and also how their relationship evolved. Thus, abandoning the intention of defining them strictly separated, it is more useful to further consider their meaning by appealing to the relation between them, in which the State tend to be perceived as a fundamental institution that allows the context for the development of economic exchanges, while the

market can no more be defined without a reference to the State. In this sense can be understood more appropriate the indication of Oppenheimer, according to which “by the State I do not mean the human aggregation which may perchance come about to be, or as it properly should be... I mean by it that summation of privileges and dominating positions which are brought into being by extra economic power” (Oppenheimer, 1926, p. XIV). At the same time, taking into account further its relationship with the market, even the State can be perceived as an amount of procedures by which political factor manages to create “a systematization of the predatory process over a given territory” (Oppenheimer, 1926, pp. 24-26). Following the same idea, Rothbard says that “the State provides a legal, orderly, systematic channel for the predation of private property; it renders certain, secure, and relatively “peaceful” the lifeline of the parasitic caste in society” (Rothbard, 2009, p. 16), and, because the relationship between the state and the market is mainly based on the framework of production and consumption of resources, it appears that the market not only occupy a previously place (Rothbard not accept the idea of a social contract), but also the State can be reduced in essence to a mechanism of resource extraction from what is produced on the market, beyond its traditional definition by which the State is seen only as the main institution responsible for the production of public services / goods.

Although the classical view of the free market provides a definition at least optimistic and try to prove that the state regulatory trends inevitably lead to lower economic efficiency, recent perspective do not preclude the government's role in establishing and ensuring the stability concerning various economic arrangements: „the existence of a free market does not of course eliminate the need for government. On the contrary, government is essential both as a forum for determining the “rules of the game” and as an umpire to interpret and enforce the rules decided on” (Friedman, 1982, p. 15). Of course, in its concrete form, the capitalist market is presented as essential, either through a product (oil market), either by the environment in which it took place (electronic market), either by the place in which its located (Milan Stock Exchange). But, in its essence, as a vocation (that is why she is called *free*), the capitalist market is universal, ideally it's not subject to any limitations or rules other than purely economic ones finally expressed by the ratio of supply and demand: “the mechanism of buyers and sellers that meet each other permit the coordination of economic

activities without allowing a person or a group to have control over the operation of the free market, this is the result of all the decisions taken by individual buyers and sellers” (Doyle, 2005, p. 35). Furthermore, “it is a tragic error to believe that democracy and freedom are compatible with interventionism” (Mises, 2011, p. 93), the latter being the main destabilizing factor of any system of economic organization. In the same time, “interventionist measures lead to conditions which, from the standpoint of those who recommend them, are actually less desirable than those they are designed to alleviate” (Mises, 2011, p. 93).

Looked from this deep level of analysis, of the definitions of these institutions, the relationship between the State (and when we speak of State we have in mind, as it is normal, the rule of law in a liberal democracy, because it coexists almost for about two centuries with the capitalist economy) and market (as we have seen, the *free* market, because a planned market is, at limit, *a contradictio in adjecto*) is rather one of opposition. The State and the capitalist economy, operating together, have produced major benefits, from the unification of the market at national level, up to providing resources to citizens in order to ensure their political manifesto; the technological progress, the economic development and the ability to respect human rights are all products of this synergy between the State and the market.

It is natural that we want the perpetuation of such benefits; the question is, by what means we can achieve this thing; the economy and the state, the same as the Sabbath, were made for man and the institutional arrangements are decisive for the individual and for society. Given that, until the first half of the twentieth century, individual mobility (except the streams to the United States which are subject for another type of analysis) was not particularly marked, situations related to the difficulties about applying for financial facilities for higher education in other EU countries have more than anecdotal significance.

Developments of capitalist economy especially in the second half of the twentieth century made that the balance between the rule of law and the free market to break; There are a multitude of symptoms, usually placed

under the name of globalization², which express an increasing tension between the free market, which tends to universalism, and the State, who attempts to control the main activities related to territory and exercising power; One thing is clear, “the nation State ... is now pressed on the one hand, by the forces of the global economy, and on the other hand, by the political demands of devolution of power” (Stiglitz, 2006, p. 21).

2. The term appeared in the Oxford Dictionary only in 1960 with the purpose of economic phenomenon of creating a single market in the world, later on its use has expanded to other areas, culture, communications, etc. Gradually the literature on this phenomenon has become enriched so much that it is very difficult to orient yourself in it; if you want to establish a definition, it is desirable to start from the cause of globalization, from what determines its emergence; from this point of view, the two definitions worth highlighting. First describes globalization as „the growing interpenetration of states, markets, people and ideas across territorial borders” (Donnelly, J. (2002). *Human Rights, Globalizing Flows and State Power*. In A. Brysk (Ed.), *Globalization and Human Rights*. Berkeley: University of California Press, p. 226). The second one describes it as „growing cross-border private activities in total economic output of the country” (Schirm, S.A. (2007). *Analytical Overview: State of the Art of Research on Globalization*. In S.A. Schirm (Ed.), *Globalization. State of art and perspectives* (pp. 1-21). London: Routledge, p. 3). First definition describes at first sight a broader phenomenon that spans different fields, political, economic, social, cultural, the second refers only to the economy and, at first glance, is centered on nation states, because it speaks about national income earned abroad. In fact, the first definition is cultural and it has rather an impressionistic character, the second has a scientific-economic background and has a technical character. If someone had to say how the globalization of States occurs, he may be in big trouble, however, it can be shown that the national income of Germany or China is achieved by investing abroad. Actually the only controllable fact is that, by its nature, capitalism tends to create a much wider market as possibly one worldwide without the restrictions of the boundaries per se, but of the different policies and scales applied by the national states. Given that, the investments abroad are one of the main ways more important than the international trade of achieving this single market; this reality expresses the second definition, while the first definition contained actually nonsense. By their nature, as shown by Weber, states try to control a territory, to exercise power over it and, even if even they have a geo-strategic influence, such as the United States, their first concern is to secure the borders, population and activities within them. Instead, private firms have every incentive to expand the market for their products and to participate in a market the widest possible for resources; the capital is the generator of globalization, the purpose being the single market and the possibility of higher returns. Specifically, the stakeholders in this process are multinational corporations that are more competitive than local firms in underdeveloped or emerging countries. Political power for the latter countries try to protect domestic capital through taxation mentioned already, but since multinationals have in turn in the back the political power from their home countries, they can put pressure and liberalize the market so as to produce economic globalization. Its main characteristics are increasing competition and the chance of higher returns for those who are competitive.

Analysing the main issue

From now on, more and more complex problems begin to emerge for the actors of our story, the States, corporations and individuals and also for the storytellers and for theorists. In what concerns the actors, each of them has logic of action in line with what it is: States seek to perpetuate their powers, corporations to increase profits, and individuals to keep their rights and, where possible, to increase them. Citizens, understanding the strength of the association, have used most frequently the creation of non-governmental organizations to relate with State or corporations; in the present, all these relations are still carried by the rules set by the state.

States, which are governing the activities of society, have felt pressed by the citizens, but especially by corporations, so they decided to act accordingly. Shares are widely diversified, from the establishment of supranational organizations, the European Union, to free trade agreements or free movement of persons; UN organization states have tried to integrate the United Nations Global Compact, and even the response of corporations to the challenges posed by globalization. In turn, under the pressure of the mentioned developments, corporations have developed a specific answer, Corporate Social Responsibility, "which refers to the satisfaction of economic, ethical, philanthropic expectations that at some point are demanded by the society from various organizations" (Carroll, 2007, p. 123).

But these reactions are more an approach to symptoms, not the actual ethology of the problem. The State gives solutions, but only under the great pressure of the big actors, the corporations, but no to the small actors, the citizens. In turn, the corporations understand their social responsibility as primarily ethical and that can be satisfied by economic compensation; they assume a complementary role, in fact, a secondary role, in comparison with the actions of the state in these areas. In other words, the main actors, the corporations and the State, act as if they will have to face hundreds of years further in which to act according to a model of the twentieth century with appropriate adjustments. In turn, the people, through non-governmental organizations, at a careful analysis, it appears that either fall on one or the other of the lines of action of the two main actors, the State

and corporations, encouraging or criticizing their actions according to the benefits they believe they have.

What is surprising and represents the main target of criticism in this paper is that the theorists, in their overwhelming majority, remain the prisoners of a pattern of thinking of the relations between the State and the market which were established in the nineteenth century and usually offer some sort of combination of the world political system, where, possibly, the rule of law and democracy exist and also an increased corporate social action.

An intellectual like Habermas (2000, p. 40), after recording the symptoms of globalization, says simply that “on-going modernity needs to be taken further forward”, describing this development as an influence of the political community upon itself which might become globalized. Despite the signs of absolute novelty, Habermas believes that the Westphalia system in which the State and the market have harmoniously coexisted can develop without problems in a democratic world. More realistic is Robert Dahl, who believes that the democratic arrangement cannot be maintained and we do not know what kind of institutions can emerge, but he is inclined to consider them as “government by limited pluralistic Elites” (Dahl, 2005, p. 203). It is easy to see, however, that Dahl remains in the same perspective of the synergy between the State and the market; it’s just a question of form of political power. As for us, we consider the transient assertion of Hayek, which has a capital value for our subject, “we are only beginning to understand... the market... which turns out to be a more efficient mechanism... than any that man has deliberately designed” (Hayek, 1990, p. 34).

We believe that the phenomena associated with globalization are actually a maturing of the market and capitalism and this evolution destroys the old pattern between the State and the market. Simply, the weight falls increasingly on the latter; it will even generate new social functions and will assume and transform others. Corporations will have a fundamental role to play in the new structure of society.

A new Corporate Social Responsibility - two case studies

The traditional understanding of CSR as “ a way to characterize the corporate values and / or corporate behaviour” (Thomsen, 2006, p. 40) must be essentially redefined; we must redefine its meaning and get it out of the moral and the complementary aspect of the state; developments in the market and society will make the players, the corporations, the main suppliers of the rules of the game of intelligence and skills that make the design of a society; corporate responsibility becomes fully understood after engaging corporations in a number of sectors that are so far exclusive or primary for the State. We must stop thinking like those barbarian kings who once considered themselves Roman consuls; it's not a simple revolution, a replacement of an empire with a republic or vice versa; simply, in the context of the market forces, we are in a process of a societal change; we need to innovate, to create institutions and to slowly stop relating to the past. It is a difficult and courageous decision, but the analytical superiority it's just seen in exploring solutions that are less familiar to us, but which we see that are more likely to evolve. It will provide a multitude of problems: from how they would regulate labour relations, to how we will educate our children and the market will have to be one of the leading solution providers and the corporations along with it.

The financial and economic crisis

The first case concerns an event that began in 2007 and whose consequences we still feel nowadays, the economic and financial crisis; basically, the same mechanisms described for this case can be discerned in the previous crises. I want to be short, because there is a huge literature of the phenomenon; the two statements I make are, however, undeniable.

The first is the proven fact that financial and banking crisis was caused by excessive incentives which the banks management have received in order to obtain profit, coupled with the poor link between this management and the long-term interests of the financial bank institutions.

The shareholders have put pressure on the management in order to achieve higher profits, and the management was also interested to act in this direction because its reward was directly related to the provided profits, so that there were invented more sophisticated and more risky financial tools;

but “much of executive compensation is short-term, it splits the issuance of long-term ESOs, so there is also the possibility that encourage these incentives CEOs to run great risks, show enormous profits, and collect huge payoffs, all in the short run these problems ... is endemic ... ” (Kolb, 2011, p. 249).

The second assertion concerns the doctrine of *too big to fail* and the aid offered through the treasury by Henry Paulson in 2007 to the largest banks, even to those who had no trouble after the collapse of Lehman Brothers. This policy of the state is actually the one that introduced major distortion; if there is no safety net provided by the state, shareholders are more interested in short-term quality control of the management to avoid long-term problems caused to it. In simple terms, if the market is allowed to work alone, no matter how painful it would be the consequences in the short and even medium term, they would be salutary on the long term.

Even before the crisis, there were others who were protesting against the policy of government support for banks in difficulty because of the reason *too big to fail*, but from the officials, “the message WAS the same: policy makers and the public should not spend much time worrying about how to address too big to fail” (Stem and Feldman, 2004, p. XII), and after the crisis, criticism became more severe; Democratic chairman of the Finance Committee of the House of Representatives, „Barney Frank, mockingly declaring that he was going to propose a resolution to call September 15—the day Lehman filed for bankruptcy”—as “Free Market Day”, “The national commitment to the free market lasted one day”, Frank said. “It was Monday” (Sorkin, 2009, pp. 269-270), one of the best economists saying the necessary conclusion: „we must also return to and embrace the principle of capitalism that a failing firm must vanish with no life support offered by the government and financed by taxpayers’ money” (Moosa, 2010, p. 199). I know that this opinion is against the tide that favours the strengthening of regulations, but I point out that more sophisticated regulations usually lead only methods of breaching them, even more sophisticated themselves. This road we’ve travelled several times; the societal transformation we are witnessing will force us to adopt another way, the market way.

The issue of higher education

Like the housing bubble, the higher education bubble appeared as a phenomenon of overselling a public good under the conviction that everyone ought to attend to higher education, ignoring the fact that knowledge is a matter of competition and hierarchy, not just a right for all like the primary education. As was expected, among the first effects were found the falling of academic standards, the rise of uninterested students and, most important, the rise of unemployment by creating a huge number of graduates on a market that could not absorb this offer of potential employees. In contrast to the early twentieth century, when college attendance was relatively rare—limited to only the very brainy or very wealthy, and most universities were private, placing little burden on taxpayers, since the 1940s, enrollment in colleges and universities has permanently been on the rise (see Figure 1). Thus, by 2009, 70 percent of high school graduates enrolled in a college or university, moreover, President Obama saying that he wants that, “by 2020, America will once again have the highest proportion of college graduates in the world” (http://www.popecenter.org/commentaries/article.html?id=2511#.U_MR6sWSz97).

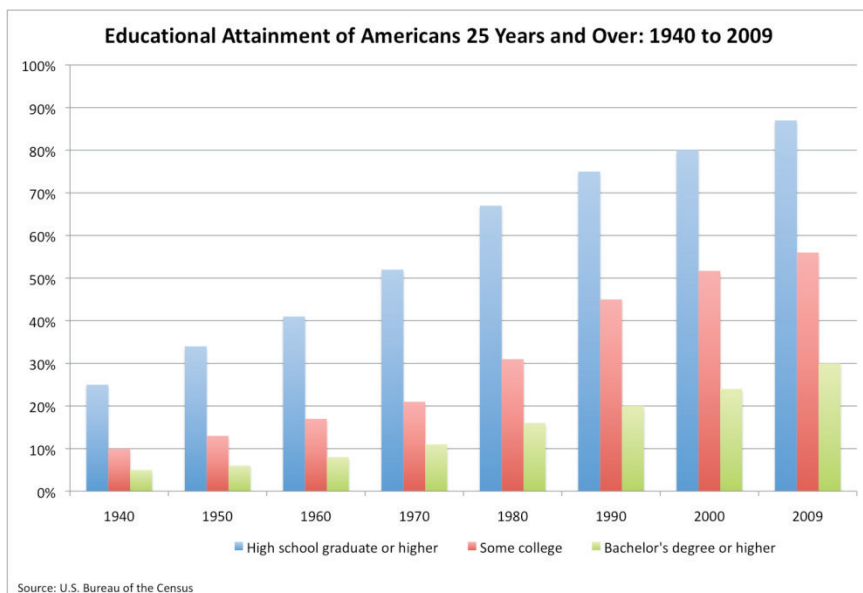


Figure 1. Educational attainment of Americans 25 years and over: 1940 to 2009 (http://www.popecenter.org/commentaries/article.html?id=2511#.U_MR6sWSz97)

At the same time, we should not overlook the observation that a higher education bubble was not possible without creating one in parallel, the high school enrollment. The data confirm this thing for a large period of time (Figure 2). Meanwhile, numerous studies (Simkovic, 2012) confirm that investment in education has led to increased economic productivity and has raised the standards of professional quality, the direct beneficiaries of higher education, the employees, managing to meet greater opportunities for development and promotion. However, the condition remains the careful selection of candidates for higher education, the main criterion being the allocation of resources and the fact that higher education must ultimately be paid by someone, and its cost must be justified by results. Thus, “allocating educational resources more efficiently would not only benefit individual students and their families — it would enhance the productivity and competitiveness of the U.S. labor force, with beneficial consequences for both the private sector and public finances. Over the long term, such efficiencies could increase the resources available for further investment in education and research” (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1941070). By contrast, together with the inflationary increase of the number of university graduates, their need for loans also increased, resulting in a bubble chain of loans, so that “student loan debt is the only form of consumer debt that has grown since the peak of consumer debt in 2008” (<http://www.newyorkfed.org/studentloandebt/>).

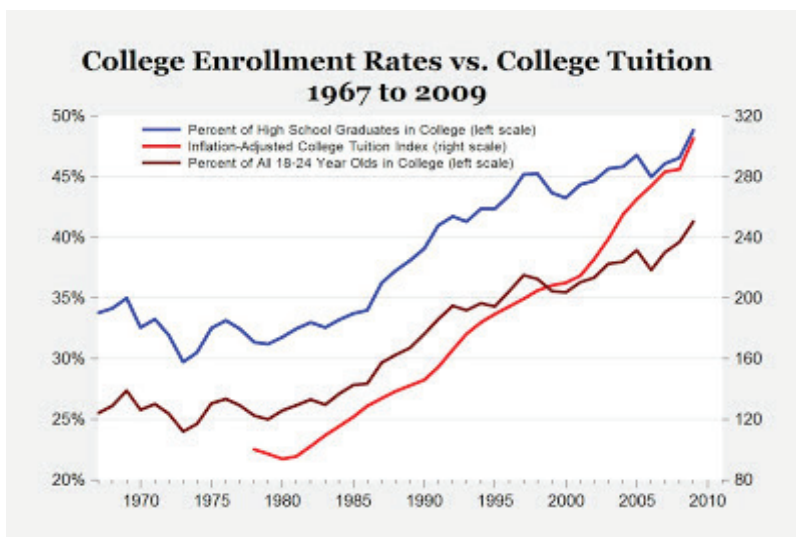


Figure 2. College enrollment rates vs. college tuition 1967 to 2009 (<http://mjpperry.blogspot.dk/2012/05/higher-education-bubble-vs-housing.html>)

Also, the data also show that over the last decade the value of a college degree measured by wages has stagnated (<http://macroblog.typepad.com/macroblog/2013/04/higher-education-a-deflating-bubble.html>). But the most visible element confirming an oversold in higher education remains the decline of the enrolment, earning a college degree getting increasingly more lame for both students and policy makers, in any case no more a panacea for all personal and social problems. Not only that more colleges already admit a large numbers of academically weak, disengaged students, but also “we already have all the good students, almost all the mediocre students, and lots of bad students” (<http://www.forbes.com/sites/georgeleef/2013/11/26/the-college-bubble-is-popping-so-shameless-sales-pitches-pick-up/>). According to a study led by Baum, Ma and Payea (2013), significant numbers of college graduates earns today less than the median earnings for those who only have high school diplomas (<http://trends.collegeboard.org/sites/default/files/education-pays-2013-full-report-022714.pdf>). But, in the same time, according to The Bureau of Labor Statistics (BLS), “in 2009, almost all lawyers had doctoral or professional degrees and only about 1% of speech-language pathologists and pharmacists lacked four-year college degrees. At the other end of the spectrum, less than 2% of paving, surfacing, and tamping equipment operators held bachelor’s degrees” (<http://trends.collegeboard.org/sites/default/files/education-pays-how-college-shapes-lives-report-022714.pdf>, pp. 37-38). So, it becomes easy to see that the inflation created in superior education not only had decreased the academic standards, by the phenomenon of leveling and adjusting the average learning ability of the large number of students accepted in universities, but this also made the diplomas obtained to become futile for both the overall market and for the ability of students in private employment (http://www.popecenter.org/commentaries/article.html?id=2932#.U_MR6sWSz96).

The second case discussed here, about the higher education is, in fact, a suggestion about a new modelling, one on private bases, and, at the limit, without any state intervention. In the new social model, most of the universities should belong to corporations. This model is different from that of U.S. private university based on the economies of the previous

generation and on increasingly unlikely integration in the labour market so that today in the U.S., it speaks of a higher education bubble³.

Human capital is important, a corporation is interested in educating the workforce, so that it would ensure both the correct acceptance and agreement with the labour market and the financing required for students; they are encouraged to be competitive; education is future-oriented and the trade-offs with an educated workforce are cheaper. Of course, there are areas, like higher education teaching, for who the new model should propose solutions; nothing, however, precludes the corporations to take over such a field, as graduates they are useful for training their staff in other institutions of higher education from which they belong. We should not be afraid of such a development; Greco-Roman culture and education have been made with other educational systems than those we are familiar and successful.

The truth is that we are like Monsieur Jourdain, we make prose without knowing it: the market and the corporations are working fully in the ongoing societal change; the two examples above show this clearly; is for our good to have the courage to recognize it.

Conclusions: state, free market and Corporate Social Responsibility

After tracking the analysis of this paper, we found not only that the two case studies discussed could not exclude the mention of the two fundamental institutions of a society, the state and the market, but even at their level of definition, the two concepts could be understood more appropriate when it was established and identified the type of relationship between them. Answering the first research question concerning the existence or nonexistence of a necessary link between the State and the market, we found that they determine each other and they can take freely each other's functions (e.g., the current trend of the market to adapt to the global context and the developing limitations of the State). Such findings could

3. This phenomenon is reported in the United States by Ginsberg, B. (2011). *The Fall of the Faculty: The Rise of the All-Administrative University and Why It Matters*. Oxford: Oxford University Press, and in France, by Philippe Nemo, P. (2011). *La regression intellectuelle de la France*. Paris: Tesis.

also answer to the second research question regarding the ability of the market to provide educational services in response to the State challenges in the new global context of economic crisis.

The two case studies have positively tested the research hypothesis. The testing process offers an answer to the research questions, reaching the objective of the study, which is to show that in the presence of the tension between the State and the free market, in the future the free market should take more and more of the State functions. Such a redistribution of functions between the State and the free market seems to require a real redefinition of Corporate Social Responsibility, (i) removing the free market from the mere condition of minor complement of State's action and (ii) shifting it into the position of a major player not only in economics, finance, but also in education⁴.

References

- Baum, Ma and Payea (2013), *Education Pays 2013. The Benefits of Higher Education for Individuals and Society*.
- Baxter, P., and Jack, S. (2008). Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers. *The Qualitative Report*, 13(4), 544-559. Retrieved from <http://www.nova.edu/ssss/QR/QR13-4/baxter.pdf>.
- Carroll, A. (2007). Corporate Social Responsibility. In Visser, W. et al. (Eds.), *The A to Z of Corporate Social Responsibility* (pp. 122-131). Chichester: John Wiley and Sons.
- Dahl, R.A. (2005). *Is International Democracy Possible?*. In S. Fabbrini (Ed.), *Democracy and Federalism in the European Union and the United States*. London: Routledge.
- Donnelly, J. (2002). *Human Rights, Globalizing Flows and State Power*. In A. Brysk (Ed.), *Globalization and Human Rights* (pp. 226-241). Berkeley: University of California Press.
- Doyle, E. (2005). *The Economic System*. Chichester, UK: John Wiley and Sons.
- Feagin, J., Orum, A., and Sjoberg, G. (Eds.) (1991). *A case for case study*. Chapel Hill, NC: University of North Carolina Press.

4. The idea for the future relationship between the State and the free market has been discussed with my friend Marian Panait, from the Institute of Philosophy and Psychology of the Romanian Academy. I take this opportunity to thank him.

- Friedman, M. (1982). *Capitalism and Freedom*. Chicago: The University of Chicago Press.
- Fukuyama, F. (1992). *The End of History and the Last Man*. New York: The Free Press.
- Ginsberg, B. (2011). *The Fall of the Faculty: The Rise of the All-Administrative University and Why It Matters*. Oxford: Oxford University Press.
- Habermas, J. (2000). Beyond the National State?. In E.O. Eriksen and J.E. Fossump (Eds.), *Democracy in the European Union* (pp. 29-41). London: Routledge.
- Hayek, F.A. (1990). *New Studies*. London: Routledge.
- Johansson, R. (2003). *Case Study Methodology*. *International Conference Methodologies in Housing Research*. Royal Institute of Technology, Stockholm, 22–24 September 2003. Retrieved from http://www.psyking.net/htmlobj-3839/case_study_methodology-_rolf_johansson_ver_2.pdf.
- Kolb, R.W. (2011). *The Financial Crisis of Our Time*. Oxford: Oxford University Press.
- Lindblom, C. (2001). *The Market System*. New Haven: Yale University Press.
- Markham, J.W. (2011). *From the Subprime Crisis to the Great Recession (2006-2009)*. Armonk: M.E. Sharpe.
- Mises, L.v. (2011). *Interventionism. An Economic Analysis*. Indianapolis: Liberty Fund.
- Moosa, I.A. (2010). *The Myth of Too Big to Fail*, New York: Palgrave Macmillan.
- Nemo, P. (2011). *La regression intellectuelle de la France*. Paris: Tesis.
- Oppenheimer, F. (1926). *The State*. New York: Vanguard Press.
- Rothbard, M. (2009). *Anatomy of the State*. Auburn: Ludwig von Mises Institute.
- Schirm, S.A. (2007). Analytical Overview: State of the Art of Research on Globalization. In S.A. Schirm (Ed.), *Globalization. State of art and perspectives* (pp. 1-21). London: Routledge.
- Sinn, H.-W. (2010). *Casino Capitalism. How the Financial Crisis Came About and What Needs to be Done Now*. Oxford: Oxford University Press.
- Simkovic, M. (2012). *Risk-Based Student Loans*. Seton Hall Faculty Summer Research Colloquium Newark, NJ, July 31, 2012.
- Sorkin, A. (2009). *Too Big to Fail*. New York: Viking Press.
- Stern, G.H., and Feldman, R.J. (2004). *The Hazards of Bank Bailouts*. Washington, D.C.: Brookings Institution Press.
- Stiglitz, J. (2006). *Making Globalization Work*. New York: W.W. Norton and Company.

- Tellis, W. (1997). *Application of a Case Study Methodology. The Qualitative Report*, 3(3). Retrieved from <http://www.nova.edu/ssss/QR/QR3-3/tellis2.html>.
- A. (1937). Smith, *nations of wealth The*. New YorkLibrary. Modern : The
- Thomsen, S. (2006). *Corporate Governance and Corporate Social Responsibility*. In A. Kakabadse, M. Morsing, and G. Lenssen (Eds.), *Corporate Social Responsibility* (pp. 40-54). New York: Palgrave Macmillan.
- Yin, R.K. (1984). *Case study research: Design and methods*. Newbury Park, CA: Sage.
- Weber, M. (1921). *Politik als Beruf. Gesammelte politische Schriften*. Muenchen: Drei Masken Verlag.

Online sources

- <http://www.investopedia.com/terms/f/freemarket.asp>
- <http://www.investopedia.com/terms/a/adam-smith.asp>
- <http://mjpperry.blogspot.dk/2012/05/higher-education-bubble-vs-housing.html>
- http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1941070
- <http://www.newyorkfed.org/studentloandebt/>
- <http://macroblog.typepad.com/macroblog/2013/04/higher-education-a-deflating-bubble.html>
- <http://www.forbes.com/sites/georgeleef/2013/11/26/the-college-bubble-is-popping-so-shameless-sales-pitches-pick-up/>
- <http://trends.collegeboard.org/sites/default/files/education-pays-2013-full-report-022714.pdf>
- <http://trends.collegeboard.org/sites/default/files/education-pays-how-college-shapes-lives-report-022714.pdf>
- <http://www.popecenter.org/commentaries/article.html?id=2932#.UMR6sWSz96>
- <http://www.popecenter.org/commentaries/article.html?id=2511#.UMR6sWSz97>
- http://nces.ed.gov/programs/digest/d10/tables/dt10_212.asp

Premises and recommendations for communication strategies on environmental policies in Romania

Diana – Maria CISMARU¹

Abstract. *The article traces directions for public communication strategies in case of environmental and energy policies in Romania. In introduction some social variables placed as a ground for forming specific attitudes to publics, with observations on social capital of trust in Romania and on social priorities, are identified. By using secondary analysis, statistical data from public polls, connected with the results in an international ERA-NET research project on public acceptance of the new technologies for reducing global warming are set as premises for communication strategies in the environmental field. The results of analysis showed the paradoxical attitude of the Romanian publics: on one hand, the public is enthusiastic and open to changes and modern views, being confident in experts and in interactive information, on the other hand proves a low level of trust in institutions and in traditional sources of authority. Basing on the results of data analysis, the last part of the paper formulates principles and recommendations for building public communication strategies on environmental issues.*

Keywords: *trust; communication; public acceptance; environment; Romania.*

Introduction

The introduction of an industrial innovation or of a problem on the public agenda is easier or harder, depending on the capital of social trust in a society and on the level of public acceptance. The sociological research in the last ten years in the Romanian space demonstrated the erosion of the capital of trust, which makes more and more difficult the construction of valid communication strategies. The accentuated erosion of the social capital of trust could be explained as a consequence of the paradox of “high level of trust from the start of the relationship” (McKnight, Cummings & Chervany, 2006, pp. 116-117). In this view, the relationship built by

1. Associate Professor, Ph.D., College of Communication and Public Relations, National University of Political Studies and Public Administration, Bucharest, Romania, diana.cismaru@comunicare.ro.

Romanian people with the first governments and political groups after 1989 Revolution has been marked by a high level of expectations and positive attributions, but the repeated disappointments which came after built the opposite of this state, the generalized suspicion.

The objective of the paper is to trace the characteristics of the social background in Romania in order to build public communication strategies. The preliminary research and data suggested that the Romanian publics have contrary features which should be taken into account by policy makers. The present paper aims to emphasize these features as a basis for public communication strategies, especially in the matter of implementation of environmental policies.

The research method was the secondary analysis, by using data either from statistical polls or data from an international research project implemented in six European countries (in which the author was a scientific coordinator for Romania). The data were used as a basis for comparison between Romania and other European states with respect to public communication strategies' principles and recommendations.

Theoretical background

The Romanian social background for public communication strategies

Trust is indispensable for the development of a social life, as the society could not function without the credit awarded by individuals to each other: "without the trust that individuals generally invest in each other, society would disintegrate, because very few relationships are built on what's known for certain about other people" (Simmel, 1978, cited in Meyerson, Weick & Kramer, 2006, p. 429). In the organizational sociology (Rotter, 1967, cited in Mayer, Davis & Shoorman, 2006, p. 87) social trust is defined as "the expectance of an individual or of a group that the promise, verbal or written declaration of another individual or group will be fulfilled". Tied to the social trust are, for the trusted pole of relationship, the *credibility* (or the characteristics that enables trust from other people) and, back to the other pole, the *orientation to trust* of individuals or groups (the availability to have trust). Groups and societies could have different level of these parameters, depending of their stage of

development, psychological attributes and cultural background. National culture (Hofstede, 1998), especially, could be an intermediate factor with a strong influence on the manifestation of these variables.

The barometers in the last years (RISE poll, 2010) revealed an accentuated decrease of trust in institutions, but also in other traditional actors of democracy. Only Emergency Services, Romanian Postal Services, Church and Army have a high level of trust (over 70%). On the opposite side of the scale are institutions from public administration (the Parliament, the Government and the governmental agencies have the lowest level of trust, under 18%, and the highest level of negative evaluation). For the rest, with the exception of schools and public universities (56%-60% level of trust), the other collective entities are placed under the level of 50% on positive evaluation. NGOs had only 25% level of trust and 46% negative evaluation in the general public (RISE poll, 2010, pp. 57-78). As it concerns trust in media institutions, news are not perceived as objective. Media institutions had a low level of trust, though they still are considered major sources of information. The level of trust in public television and radio (half of the respondents) is almost double compared to private television channels and radio channels (RISE poll, 2010, pp. 61-69).

The levels of trust registered in 2011 indicate even a lower tendency. Other polls of the same research institute (RISE poll, February 2011, pp. 17-19) indicate a lower level of trust (10-15%) when important public institutions are named, without giving details to the respondents (Presidency, Parliament, Government).

Also, suspicion is a general feature of the climate, about 60% from Romanians think that people in their community look for profit in relationships, and have confidence only in people they know personally. Neighbors, other religion adherents and unknown people have to be avoided, think a half/ three quarter of the Romanians.

The data from above suggest the difficulties of fulfilling public communication objectives and obtaining public acceptance on almost every topic. Further, the recent history of Romania in transition determined an unclear image of the organizations, especially those in the former public sector. The area of environmental issues is considered as the domain of

NGOs, but NGOs are considered to some extent as being partisan and not effective, having a low level of trust for a part of the public. On the other hand, the public is not interested in public policies, perceiving them as being abstract and with little impact in the real life. The lack of education determines difficulties in research and collection of data: there is a confusion of practices used in the collection of data and of channels of public communication. These features determine supplementary cautions in applying research tools and recommendations based on findings in public communication policies.

As a first glance, the availability to understand industrial innovation and “secondary issues” as the environmental issues is low when considering the social characteristics and the level of social trust.

Social priorities and social agenda in Romania

In the last years, economic crises or political conflicts succeeded, and the focus of social attention moved on poverty, reforms and conflicts from public space. As sociological research reports show, Romania could be considered a “modern-feudal” state, with a modest economic development, high level of poverty and accentuated differences between rich and poor people (the report was of 7 in 2008) (Zamfir, 2012, pp. 25-29). The proportions for absolute and relative poverty vary between reports, but the subjective evaluation of poverty is relevant: 67% of the respondents of a representative poll in 2011 considered that their monthly incomes are insufficient or barely enough to survive (RISE poll, December 2011, p. 10).

Returning to the Romanian society, the country is split into developed areas and poorly developed areas (Moldavia, Oltenia – with poor people and high rate of unemployment), and the European funds invested for the delayed areas have not erased that gap. Moreover, there are poor areas which are in need for an environmental policy, as Oltenia. But still, the differentiation between regions is not only economic, but one of mentality. People from developed regions (Transilvania, Banat, Muntenia) have not only a different lifestyle, but also different political orientation (right views, in favor of private initiative and less social protection). People from poor areas (which have also a high level of temporary emigration in Europe

in search of a workplace, especially in Italy, Spain and England) expect an increase in the social protection policies in the next years, because they have few options to find a workplace or to start a business.

The financial and social crisis changed the reality and the public priorities in Romania. As in 2007-2008 Romanians were still optimistic as a majority and considered that in the future their situation will improve, in the next year the situation is reversed: in 2009, 69% of Romanians perceived the country as going in a wrong direction. Ever since, the percentage remained higher: either increased to 80-85% of people perceive the country as going in the wrong direction (RISE poll, February 2011, p. 3) or decreased a little, in present being around 73% (RISE poll, March 2014, p. 4).

This pessimistic evolution of the Romanian's views determined a change in the public perception of problems considered as important. In 2011, the first places on the social agenda were material and economic problems as: corruption, salaries, health system, level of salaries and social gaps, unemployment. Still, the environmental issues are placed on a fine place, the 6th place (pollution) and 8th place (protection of environment), after the most important problems mentioned above (RISE poll, September 2011, p. 43). In 2014, the priorities on the social agenda were two major concerns: unemployment (26%), salaries' level (22%) and corruption (10%). The other problems were far behind situated on this agenda, with less than 7% (RISE poll, June 2014, p. 33). This concentration in the public agenda shows the intensification of the chronic social and economic crisis, the public perception focusing on the most important causes perceived by publics and considering the other public discussion topics as being less important.

Research results

Research results in FENCO-ERA program as premises for public communication on environmental issues

The FENCO-ERA research project “Scrutinizing the impact of CCS public communication on general and local publics” (2009-2010)² was a beginning in Romania, building a field for the implementation of environmental policies. The CCS (carbon capture and storage) technologies are designed to decrease the level of industrial CO₂ emissions, having an important diminishing effect on global warming. The research project (Schumann, 2010) compared several countries in Europe in the matter of communication of CCS technologies to local and general public. Some of the countries were advanced in the development of the new technologies at the beginning of the research project, while others were just beginning the development and communication of these environmental protection technologies.

The first part of the research project used the focus group method to test the forming of collective opinion, the strength of opinion and also the type of information better received by publics. Using a similar methodology in each case (ter Mors et al., 2013), three focus groups were organized in each country, with the information presented by an expert. Three alternative groups (ICQ groups, abbreviation from “information-choice questionnaire groups”), with an equivalent composition of participants, received the same information in a written form, without discussing the information. The purpose of this part was to see which presentation form is more effective, and which generates the most solid opinion. After receiving information, participants from both groups answered to a detailed questionnaire in order to verify the recalling of information. The only difference in the content that participants received in each country referred to the technologies (in each country, due to economic conditions, carbon capture and storage technologies to be implemented are different). The results of the information-choice questionnaires and focus groups phase for Romania (Cismaru et al., 2010, pp. 59-60) showed a fine

2. The data from this section are gathered from the FENCO-ERA project „Scrutinizing the impact of CCS communication on the general and local public (2009-2010)”, an international project implemented in six countries, which was funded by the national funding agencies of the project partners. The author of this paper was the scientific coordinator for Romania.

reception of the information: both focus groups participants and information-choice questionnaire participants considered the information about carbon capture and storage and the two selected technology options to be comprehensible, valid and useful. Further, both focus group and information-choice questionnaire participants recalled a considerable amount of the information provided, even there was new information and with technical details. When comparing the effectiveness of the two methods of communication, oral presentation of an expert followed by group debate was in advantage for Romanians (see Table 1). The collective opinion towards the innovations was more positive if the information was presented by an expert, and could receive feed-back.

Table 1. Mean (and SD) for opinions on technology 1 and technology 2

	Overall on T1	Vote for T1	Overall on T 2	Vote for T2
FGD	5,43 (1,59)	5,30 (1,80)	5,43 (1,52)	5,60 (1,83)
ICQ	4,87 (1,79)	6,00 (2,01)	4,60 (1,90)	4,83 (2,23)

Note. Overall opinion was measured on a scale ranging from 1 = very bad, to 7 = very good. Higher scores indicate a positive evaluation. FGD= Focus –group discussions: presentation made by an expert followed by group discussion; ICQ – information provided to participants only in written form.

The second part of the project had as main activity the organization of representative polls at a national level, in order to identify: the place of environmental issues on the public agenda, the level of information on carbon and capture storage technologies, the level of potential acceptance of the general public for the implementation of these technologies, and the influence of the source on the public acceptance. The poll tested the influence of the source in changing attitude: information was presented in four ways to respondents (negative presentation with a source, negative presentation without a source, positive presentation with a source and positive presentation without a source - for Romania, the source for “negative information” was Greenpeace, and the source for “positive information” was Shell).

In the first part of the survey, one of the questions tested the trust in different types of sources: local, national or international, from the

institutional or private sector. The results confirmed the previous polls in this matter (the polls that have been cited above): institutions have a low level of trust, in comparison with other organizational actors (Figure 1).

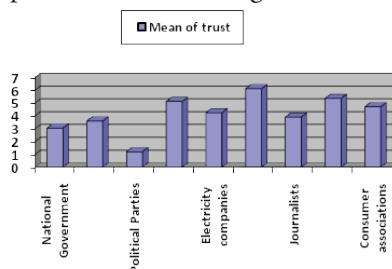


Figure 1. Level of trust for different public actors in Romania

Note: The scale of answers was from 1 – very low level of trust to 7 – very high level of trust

The poll at the national level showed a fine level of information about pollution and global warming effect, but almost no information on capture carbon and storage technologies or other environmental protection technologies at a majority of the Romanians (75% never heard about carbon capture and storage, only 2,9% had more information).

Other important finding is that the level of acceptance is very high, even considering that information was new, or considering the “negative” alternative of presentation (which was introduced in the poll for testing the strength of public opinion). Almost three quarters of the Romanians would be in favor of testing the carbon capture and storage technology in the country and only 12,8% would be against. The active attitude (vote or sign a petition in favor of implementation) would be stronger than the opposite attitude (vote or sign a petition against implementation of technologies). The high level of public acceptance has a small variation (only 3%) between negative and positive presentation even if it comes from well-known actors as Greenpeace) (Cismaru & Ivan, 2010, pp. 14-16). An explanation of this small variation could be the low level of trust in some sources, particularly from the private or non-profit sector, and the preference to process the information by filtering it through the personal network.

For respondents, environmental issues were placed on the third place on the public agenda, after medical system problems and economic problems, but before criminality. The poll revealed that Romanians understand the importance of the maintenance of the environment, and would like modern options of producing energy, as solar and wind energy. The level of public acceptance is rather enthusiastic about any new technology of protection for the environment. Because of the lack of information, carbon capture and storage technologies were associated with even more positive effects, but in reality positive effects were only on global warming. For example, toxic waste or water pollution were considered positive effects of CCS technologies, which was not true, by 70% of the respondents (almost the same amount of association with the correct effect) (Cismaru & Ivan, 2010, pp. 10-14). But, even with the unrealistic expectations from an industrial innovation, the public acceptance would not be totally guaranteed; still, a quarter of respondents do not accept the testing of the new technology on a pilot plot in Romania. When asked what technology would introduce for reducing global warming, respondents preferred the new forms of energy (solar and wind energy) and low-consuming machines instead of carbon capture and storage technologies (Cismaru & Ivan, 2010, p. 16).

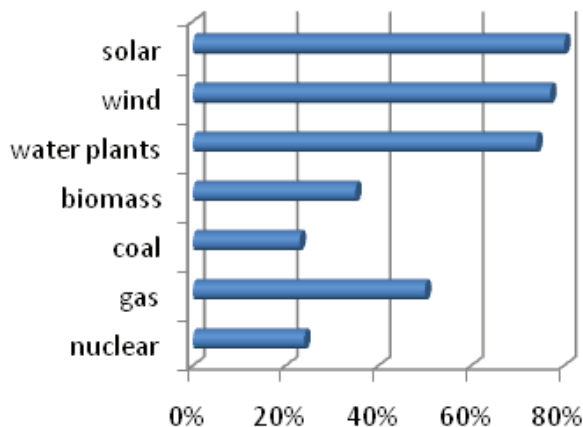


Figure 2. Alternative forms of energy preferred instead of CCS technologies

A secondary objective of research in the FENCO project was which factors determine more public acceptance of an innovation. The four scenarios used

in the poll inventory (positive presentation with/without a source, negative presentation with/without a source) revealed that, in environmental issues and promoting industrial innovation, the most important factor in creating public acceptance is not the positive/negative aspect of information, but the accessibility and the structure of the information presented (see Figure 3 and 4). Another additional explanation in this matter could be that the quality of source is determinant: if the source has a negative reputation (like in this case Shell), then it will not be considered trustful.

As we can see in Figure 3 (under) the variation in acceptance determined by a source in general, and in particular by presenting positive information generally, is very slight. This proves a certain degree of skepticism in Romanian publics (not interested on who and how presents the information) and, on the other hand, the availability to accept new technologies in general, regardless of how are they presented.

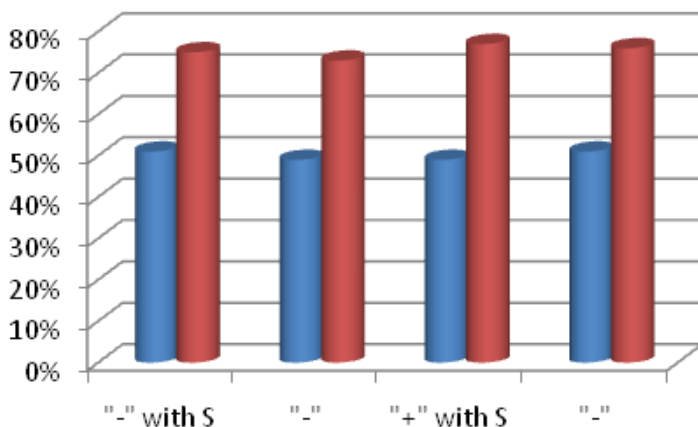


Figure 3. The change in acceptance while changing positive/negative (+/-) information with/without a source (S)

Note. Red-the total options of agreement; blue – the intense options (“totally agree”)

The lowest percentage in voting for technology (Figure 4) and, respectively, in voting against technology (Figure 5) was characteristic to the third situation (positive information with a negative reputation source

- Shell). The low level of support in this case shows that the opinion/reputation of a negative source influences negatively the decision to vote (or the unconditioned support). As a consequence for the communication strategies built in the Romanian public space, this aspect emphasizes the necessity of having neutral sources, or sources perceived as having a positive reputation.

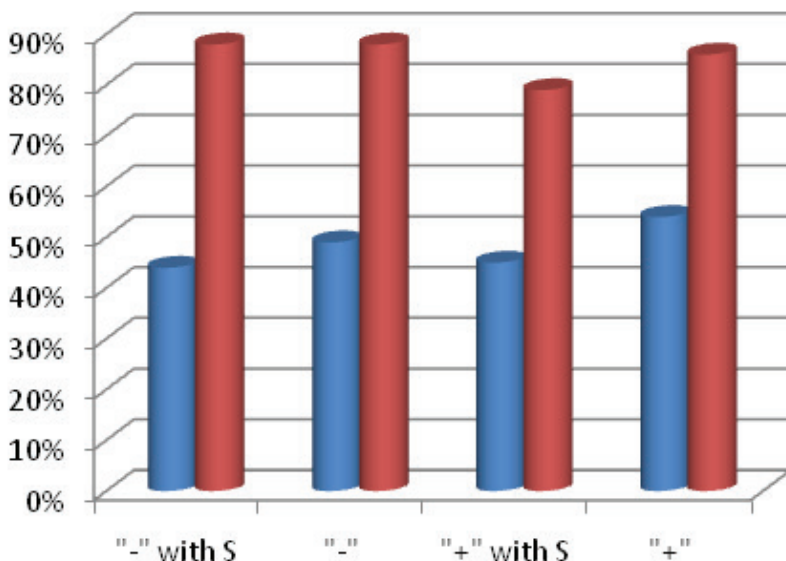


Figure 4. The percentage of people who would vote for introducing the CCS technology

Note. Red-the total options of agreement; blue – the intense options ("totally agree"). Case 1: negative information with a positive source, case 2: negative information without a source, case 3: positive situation with a negative source, and case 4: negative information without a source.

When changing the topic of question from "voting for" to "voting against" technology, the negative information managed to win more partisans to vote against technology; also, the correlation of negative information with a positive reputation source showed that, possibly, the credibility of

the source plays an important role not only in spreading information in general, but in the formation of negative attitudes against an innovation (Figure 5). Thus, when a source (individual or collective) with positive reputation provides a negative information, will contribute more intensely to build negative attitudes (in comparison with the situation when it provides positive information and forms positive attitudes).

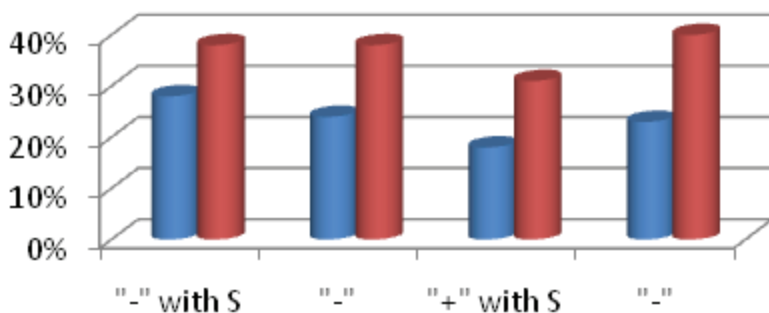


Figure 5. The percentage of people voting against the introduction of CCS technology

Note. Red-the total options of agreement; blue – the intense options (“totally agree”). Case 1: negative information with a positive source, case 2: negative information without a source, case 3: positive situation with a negative source, and case 4: negative information without a source.

When comparing the Romanian sample with the other countries participants in the project, some characteristics come into evidence. The level of information of Romanian respondents is high if taking into account that environmental technologies are very new in Romania and no prior effort to inform the general public was done. The level of information on environmental statements in the poll was on the average (lower than Netherlands and Norway, but higher than Greece and comparable to United Kingdom). The main difficult statement for respondents from all countries was if the greenhouse effect is caused by a hole in the atmosphere, with an average of only a half of correct answers (Pietzner et al., 2010, pp. 26-28).

A visible difference can be seen when comparing Romania with the other countries in the project at the level of trust in several public actors (Figure

6): in Romania, there is a high level of trust in the European Union, but a low level of trust in national Government or in Political Parties. From the other countries, only Greece shows the same tendency (Pietzner et al., 2010, p. 25).

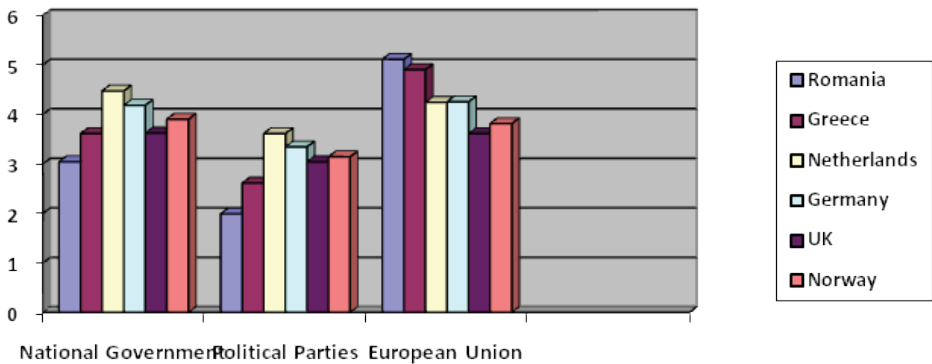


Figure 6. Level of trust in three from the nine actors considered, in the six European countries

Note. The means range between 1 – very low level of trust to 7 – very high level of trust.

A difference between Romania and the other countries was the low level of self-reported awareness on carbon capture and storage technologies (the highest for Romanians, 71%) (Pietzner et al., 2010, p. 36). Another difference was in the acceptance to introduce the technology. The Netherlands, the UK, Norway and Germany are essentially neutral on average regarding the use of carbon capture and storage technologies, although the Germans are the most sceptical of all respondents. Greece and Romania have the highest level of supporting the introduction of new technologies (around a half of respondents would be strongly in favour of introducing the CCS technologies) (Pietzner et al., 2010, pp. 40-42). Also, almost a half of Greek and Romanian respondents would strongly involve and they would probably make an active effort (such as signing petitions) in favour of CCS facilities (Pietzner et al., 2010, p. 43).

Also, a difference between Romania and the other countries was in the percentage of respondents who changed their attitude after receiving information about the CCS technologies. The Romanian respondents changed their attitudes to a less extent than the respondents from other

countries: their attitudes were more positive from the beginning (Figure 7 – data from Pietzner et al., 2010, p. 48).

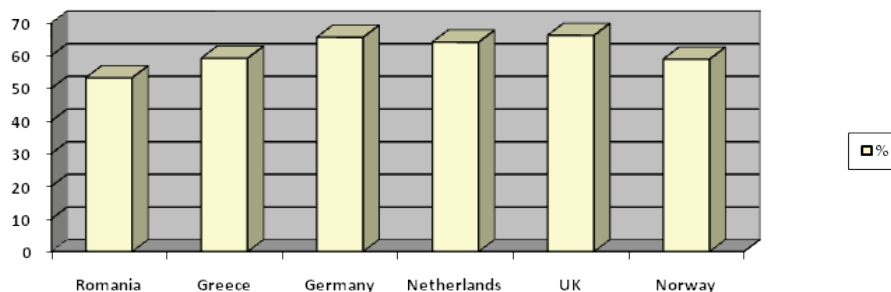


Figure 7. Comparison of Romania and Greece with other countries in the change of attitude after receiving information

When comparing Romania with the other countries in the experiment with the four options of presenting the information, a distinct characteristic occurs. Even in the case of negative presentation (with or without a source), the attitude towards carbon capture and storage technology changes in a positive way for the Romanian respondents (Figure 8 and Figure 9 – data from Pietzner et al., 2010, pp. 51-53).

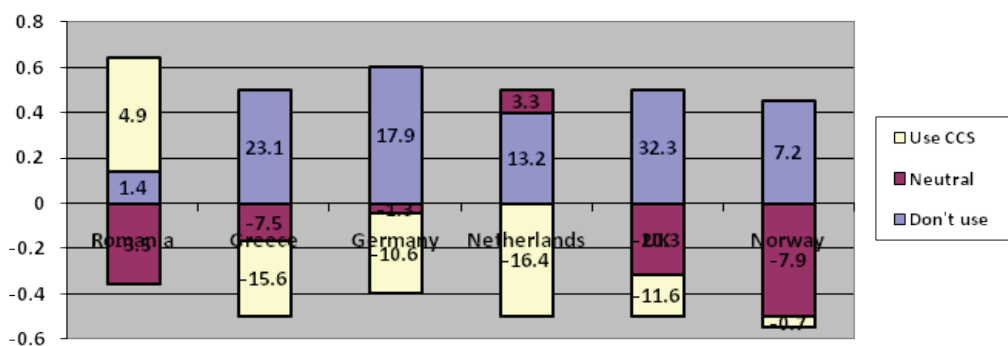


Figure 8. Change in attitude when a negative information about CCS without a source was provided

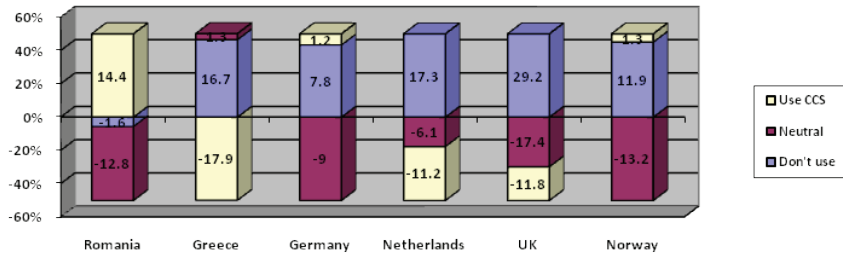


Figure 9. Change in attitude when a negative information with a source (Greenpeace) was provided

This change was registered only for Romanian respondents, while the respondents from other countries reacted “normally” to the change in the content of presentation and to the presence of a well-known source, with a negative change after negative presentation and positive change after positive presentation (strongly in case of positive presentation with a source). This result suggests that for a change of attitude of the Romanian public on a new issue is enough to present a large amount of information and to create a frame of free, collective debate.

Recommendations for communication strategies on environmental policies in Romania

As general observations, the participants in Romanian focus groups preferred the information that could receive feed-back and also the information delivered by a competent source. Also, the Romanian respondents to the nationally representative survey showed a positive disposition in receiving new information, even on new procedures or on areas that are at a beginning. Moreover, environmental issues were always considered positive and tended to be positively appreciated, as a neglected area. Further, both statistical and research project data analysis suggested contradictory features of Romanian publics: on one hand, availability to accept new technologies and information, on the other hand, a low level of trust in many institutional and organizational actors.

With this background for forming attitudes in the environmental field, the accent should be placed not on information details, but on the awareness of

the problem. The channels and the adaptation of messages to target publics play an important role in all strategies of communication (Cutlip, Center & Broom, 2005, pp. 372-382), but for the efficiency of a communication strategy they could play the central role. Further, recommendations in this article follow the structure of a communication plan, as adapted in the recent Romanian literature in the field of public relations (Iacob, Cismaru & Pricopie, 2011, pp. 200-202).

a. First of all, there must be done a careful reflection on the *sources* of public communication. The expert sources should be experts and research institutes, but not only. The high level of public suspicion suggests that private companies or NGOs from outside of the environmental field should not be the sources of the messages. The best formula would be a partnership of research institutes with local administration. The partnership should be made with local administration (and not with central public administration), because local administration has a higher level of public trust. Also, local leaders could be used as “image factor”, with a secondary effect of increasing the level of positive attitude towards environmental issues.

b. The *segmentation for the target publics* should be based more on the age and urban/rural area as criteria of selection, and not so much on gender or level of instruction. The final target public segments should be chosen after a qualitative analysis, but the current data indicate with priority the interval 25-33 years in the urban area, with high level of instruction, politically neutral but socially active, as first target. Environmental issues are more important for urban area (that is over a certain level of living) and for young people, who are more active and responsible. Also, a special category of target public should be the opinion leaders in the civil society, who could be a very useful link to the local communities, having a role of representation and of explanation of the debated issues. Also, international NGOs and environmental NGOs are secondary agents (secondary public) who could help to the implementation of energy innovation and environmental policies.

c. The *objectives of communication* must be oriented not only on public acceptance (which reaches quickly a majority, as research data showed) but

to awareness and explanation about the goals and effects of environmental technologies and policies. Discussing the type of communication objectives, not only the qualitative objectives are important (as “how accurate is the recalling of the information”) because the findings showed that, in Romania, information on a new field is fine recalled. Quantitative objectives are important as well (penetrating in all geographic areas and all public categories, for obtaining the best level of public acceptance).

d. The *public communication strategy* should have some compulsory features, as practice showed previously. Intense and short campaigns have no success in Romania, new information touches very difficult the public and are rapidly forgotten (even if it was positively appreciated). The communication strategy should be not “loud”, with a high amount and intensity of messages, but should be persistent, disseminated on a long time range, and through the most adequate channels of communication.

The strategy should be differentiated on regions. Oltenia (South-East) and Galati (East Region) should receive a special attention, because they are the most polluted and will be the main areas involved in the implementation of environment protection technologies in the future. The level of industrial damages is high enough here, so publics will pay attention for environment protection messages as a good starting background.

e. *The tactics* refer to actions, channels of communication and messages. The need of feed-back was identified in research and should be fulfilled by the presentation of public messages. Oral presentations (such as video presentation) should be primarily considered, because they offer a great possibility to associate the message with an expert source and, secondly, TV as a channel has a great deal of penetration in all areas, even in the rural ones.

The *channels of communication* must cover the two sides of public life in Romania: the “face-to-face” public space and the online public space. Separate kits of information should be conceived for mainstream and, respectively, online channels. (a) In the “face-to-face” space, the public TV channels are recommended, for having the greatest level of trust. Also, in case of restricted budgets, public radio channels could be preferred as being

less expensive and appreciated by several segments of publics. (b) In the online space, the online social networks (as Facebook and Twitter) should be preferred instead of other social media. The reason for choosing the online social networks are multiple: the economy in budgets, the facility to reach young target publics, the possibility to associate specific messages to specific publics, and so on. As a supplementary reason, the online social networks are used by opinion leaders, which can be transformed in active promoters of information. Also, young and informed people are the main public with a positive orientation and interest toward environmental policies and energy innovations.

Facebook is the most popular online social network in Romania and registered 6, 6 million users at the end of 2013 (data from Facebrands.ro, December 2013). In the online social networks, there are two types of users: producers of content and interpretation, and those who only transfer or consume information. In time, age and users' profile expanded on all age levels, but the dominant segments remain the young ones (18-33 years, and 33-40 years). The attractiveness of the network comes from the variety of instruments used in spreading, selection and interpretation of information, both for producers and for consumers of information. In the particular topic of environment protection, some important actors in this field have built their social trust capital using Facebook, therefore the network should have a privileged position in the implementation of communication strategies on environmental issues.

For Twitter, the number of users in Romania is limited to around 68.000 (data from monitoring site Zelist, December 2013). The main feature of this network is the concision (the network which sets the greatest limit to the length of message – 140 characters on a status) and the orientation to two aspects: the novelty value of information, and the audience. Twitter is a network of opinion leaders, and the information competency is the primary factor that determines the presence and the behavior inside the network. In case of implementation of energy and environmental innovations, this network is of a particular interest, because “green” NGOs are respected inside the network and win audience, while mass media from Romania ignores niche issues as the environmental topics.

The characteristics of *messages* should be derived from the two branches of communication strategy. (a) For the mainstream channels, messages must be conceived in an accessible manner, especially for rural area, where subjects have a lower level of instruction. In this area, the translation of message in accessible formulas plays a great deal in reception and evaluation of the content. Also, narrative content could have a central role, so, for example, videos with local leaders showing interest for environmental aspects would be a fine idea of promotion. (b) For the online channels, a rich and detailed content is allowed, but messages should be adapted to social media, concentrated in the best form to be repeated and shared in networks. Also, the video part of the content should be consistent, for attracting and maintaining users' attention.

f. The *calendars and budgets* should be adapted to the particular programs executed, but all actions should be included in the main strategy, and thus obtaining a chain effect. The calendars should be constructed on longer periods, even if they include shorter campaigns. Mainly, the preference should be for programs and not for isolated events and initiatives. The budgets could be reduced by the effective use of tools of social media; the main focus in previous phases of the plan should be on obtaining more and more "free ambassadors" to promote the environmental conservation activities and principles, and thus diminishing the resources spent in communication strategies.

g. The *evaluation* is connected to the correctness and to the realism of the objectives. If the objectives avoid unclear formulas and the coincidence with implementation objectives (frequent in communication strategies which go parallel with activities of implementation of a project) (Iacob, Cismaru & Pricopie, 2011) evaluation should be simple. Also, in the online space, evaluation is easier than in the real space, because of the variety of available instruments.

Conclusion

Using secondary analysis, the paper aimed to depict the Romanian social background as premise for building recommendations for public communication strategies in order to implement environmental policies

in Romania. The paper reviewed data from an international research project implemented in six European countries. As results of data analysis and of comparison, the Romanian publics proved to have paradoxical characteristics in attitude: on one hand, they are less mature and more enthusiastic in comparison with other European publics (manifesting a high level of acceptance of new technologies about they never heard before), but in the same time manifest a low level of trust of institutions and in authority factors. These features suggested, as principles for building public communication strategies: the preference for education instead of boosting communication campaigns, the emphasis on urban and young publics in segmentation, and differentiation between regions. With respect to the most adequate communication channels, the orientation for public television and private radio channels, and (for young publics and opinion leaders) the emphasis on the online communication in social networks. In the same time, from all the actors who could be involved, NGOs and local administrations should be preferred, as a consequence of the low level of trust in public institutions and, to some extent, in private companies.

Every beginning allows initiative and imagination, and so does the public communication in the implementation of environmental policies. As from Romania, the research revealed positive attitudes towards new environmental and energy technologies, and these attitudes may be used as a ground in building a consistent level of information.

References

- Cismaru, D.M., and Ivan, L. (2010). *Scrutinizing the impact of CCS communication on general public in Romania: results of the national survey (30.09.2009-30.06.2010)*, Research Report. Bucharest: NSPAS.
- Cismaru, D.M., Sava, C.S., Anghel, S., Dudu, A., Constantin, C., Tomescu, C.E., Samoila, I.R., and Nihfidov, O.C. (2009). *Communicating CCS information to the lay public by means of Focus Group Discussions (FGD) and Information-Choice Questionnaires (ICQ): National report for Romania*. Research report.
- Cutlip, S.M., Center, A.H., and Broom, G.M. (2010). *Effective public relations*, Bucharest: Comunicare.ro.
- Harquail, C.V. (2011). Re-creating reputation through authentic interaction: using social media to connect with individual stakeholders. In R.J.

- Burke, G. Martin and C.L. Cooper (Eds.). *Corporate Reputation - Managing Opportunities and Threats* (pp. 245-267). Burlington, Vermont: Ashgate Publishing.
- Hofstede, G. (1998). *Managementul structurilor multiculturale – software-ul gândirii*. Bucharest: Economică Publishing.
- Iacob, D., Cismaru, D.M., and Pricopie, R. (2011). *Relațiile publice – coeziune și eficiență prin comunicare*. Bucharest: Comunicare.ro.
- Mayer, R.C., Davis, J.H., and Shoorman, F.D. (2006). An integrative model of organizational trust. In R.M. Kramer (Ed.), *Organizational trust* (pp. 82-111). New York: Oxford University Press.
- McKnight, D., Cummings, L.L., and Chervany, N.L. (2006). Initial trust in formation of new organizational relationships. In R.M. Kramer (Ed.), *Organizational trust* (pp. 111-140). New York: Oxford University Press.
- Meyerson, D. Weick K.E., and Kramer, R.M. (2006). Swift trust and temporary groups. In R.M. Kramer (Ed.), *Organizational trust* (pp. 415-445). New York: Oxford University Press.
- ter Mors, E., Terwel, B.W., Daamen, D.D.L., Reiner, D.L., Schumann, D., Anghel, S., Boulouta, I., Cismaru, D.M.; Constantin, C., de Jager, C.C.H., Dudu, A., Esken, A., Falup, O.C., Firth, R.M. Gemeni, V., Hendriks, C., Ivan, L., Koukouzas, N., Markos, A., Naess, R., Pietzner, K., Samoila, I.R., Sava, C.S., Stephenson, M.H.C., Tomescu, C.E., Torvatn, H.Y., Tvedt, S.D., Vallentin, D., West, J.M., Ziogou, F. (2013). A comparison of techniques used to collect informed public opinions about CCS: Opinion quality after focus group discussions versus information-choice questionnaires. *International Journal of Greenhouse Gas Control*, 18(2013), 256-263.
- Pietzner, K., Schumann, D., Torvatn, H.Y., Tvedt, S.D., Naess, R., Reiner, D.M., Anghel, S., Cismaru, D.M., Constantin, C., Daamen, D.D.L., Dudu, A., Esken, A., Gemeni, V., Kristiansen, G., Ivan, L., Markos, A., Nihfidov, O.C., Pietzner, K., Papadimitriou, J., Samoila, I.R., Sava, C.S., ter Mors, E., Tomescu, C.E., Terwel, B.W., and Ziogou, F. (2010). Public awareness and perceptions of CCS: Insights from surveys administered to representative samples in six European countries. In *Proceedings to International Conference of Greenhouse Gas Control Technologies no. 10*, Amsterdam: Elsevier.
- Pietzner, K., Schumann, D., Torvatn, H.Y., Tvedt, S.D., Naess, R., Reiner, D.M., Anghel, S., Cismaru, D.M., Constantin, C., Daamen, D.D.L., Dudu, A., Esken, A., Gemeni, V., Kristiansen, G., Ivan, L., Markos, A., Nihfidov, O.C., Pietzner, K., Papadimitriou J., Samoila, I.R., Sava C.S., ter Mors, E., Tomescu, C.E., Terwel, B.W., and Ziogou, F.

(2010). *Results of representative surveys of public awareness, knowledge and opinions concerning CCS*. Research Report.

Schumann, D. (2010). *Scrutinizing the impact of CCS communication on general and local public – final research report*. Final Research Report. Retrieved from <http://bit.ly/wmND8A>.

Zamfir, C. (2012). *Raport social ICCV 5/2012*. Research Report.

Online references

Institute of Research on Life Quality. Retrieved from <http://www.iccv.ro>.

Fenco research project “Scrutinizing the impact of CCS communication on general and local public. Retrieved from <http://ccs-communications.gr>

Romanian Institute of Social Evaluation. Retrieved from <http://www.ires.com.ro>.

Facebrands. Retrieved from www.facebrands.ro.

Zelist. Retrieved from www.zelist.ro.

Polls list

Romanian Institute of Social Evaluation (March 2010). Barometrul încrederii românilor. Retrieved from <http://bit.ly/xMT5MX>.

Romanian Institute of Social Evaluation (February 2011). Percepții ale populației privind agenda publică. Retrieved from <http://bit.ly/z87Avd>.

Romanian Institute of Social Evaluation (September 2011). România marilor neliniști. Retrieved on from <http://bit.ly/xdmnAi>.

Romanian Institute of Social Evaluation (December 2011). Proiecții sociale ale românilor pentru 2012. Retrieved from <http://bit.ly/yYDNvM>.

Romanian Institute of Social Evaluation (March 2014). Agenda publică, martie 2014. Retrieved from http://www.ires.com.ro/uploads/articole/ires-agenda_publica_24-26_martie-2014.pdf.

Romanian Institute of Social Evaluation (June 2014). Agenda politică a săptămânii 2-6 iunie 2014. Retrieved from <http://www.ires.com.ro/articol/265/agenda-politica-a-s-pt%C4%83manii-2-6-iunie-2014.-opinia-public%C4%83-si-temele-de-actualitate>.

Thinking strategically-thinking green: Albanian economy case

Ardita TODRI¹

Francesco SCALERA²

Abstract. Surprisingly, the catalytic function of Albanian banking system hasn't deeply penetrated in the country economic concerns... By this way during the last twenty years the lending activity is focused on the economic sectors which provide high returns in short-term periods such as construction, manufacture, trade, etc as well as bear the brunt of environmental pollution. Thus, in this paper is emphasized the nowadays importance of being projected on green activities aiming an effective approach to the future country development phase. Trying to approach the latest, the paper describes the main areas where green interventions must be done in order to save the environment and contemporary reduce as much as possible the air and water pollution, land damages from commercial constructions in touristic areas, wood structure change, etc by favoring the establishment of recycling opportunities. All this gives a new dimension of making business in the country in accordance with environmental standards set worldwide that helps the exploration of the Albanian economy based on respective natural resources, energetic, touristic and agricultural capabilities. By referring to other country experiences as well as from the sporadic green projects and agriculture development results related to nonperforming loans ratio the key success factor seem to be the establishment of green banks. Similar experiences can act more closely with individuals, businesses, organizations, institutions and government aspirations under an environmental and ethical context. The paper recommends the agriculture development within the country as the hotspot, which can solve lots of previously mentioned environmental issues currently faced and also helps in reducing the poverty in rural areas. Beyond this, through the designation of tailored green lending products other important paths can be opened toward further country economic development. In light of this, the paper concludes that the measures needed to be implemented aiming the existing banks switch into green standards or the inflow of international green banks are: tax facilities in term of yearly profit and dividends distribution, the establishment of environmental educational programs in schools and designation of

1. Lecturer, Ph.D. candidate, Finance & Accounting Department, Faculty of Economics, University of Elbasan, Elbasan, Albania, arditatodri@gmail.com.

2. Lecturer, Ph.D., Department of Economics, University of Bari "Aldo Moro", Bari, Italy.

legal reforms in focus the economic priorities and environmental care. Decidedly, a green projected system in the country can unveil new standards by transforming its current weaknesses in future success.

Keywords: green banking; economic sustainability; agriculture development.

Introduction

Despite the fact that, as of today the per capita incomes in Albania are more than quadrupled during last two decades (even in high fluctuation conditions see Figure 1), the Albanian GDP growth rate is slowly decreased starting from 2008.

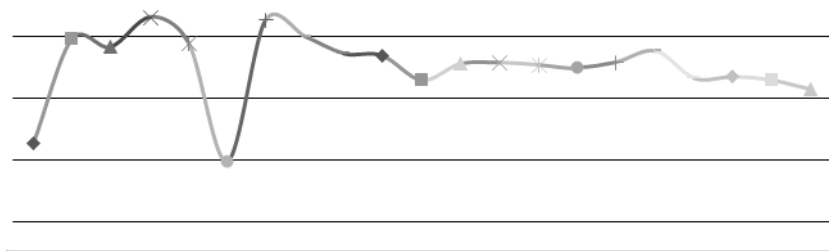


Figure 1. The GDP growth trend in Albania during last two decades (World Bank Data)

The latest due to global financial crisis especially derived from neighborhood: Italian and Greek crises, and the country is still considered poor as per Western European standards. But as argued from Todri (2012, p. 51) the main factors that positively impacted on the country GDP growth rate are “the foreign direct investments and trade relations with European countries in previous years without skipping the impact of remittances from the Albanian workers”. Referring to the INSTAT data for the year 2012, the above-mentioned foreign direct investments are represented mainly from manufacture, financial intermediation, transport and telecommunication, trade, informatics, etc. While as per historical INSTAT data other important factors that significantly contributed on GDP growth rate during the last two decades are the services within 49.4% followed by industry 19.97%, construction 17.18% and agriculture

13.45%. It should also be mentioned that the informal economy is the main factor that negatively impacts the Albanian economy by representing above 40% of it.

In general, it should be admitted that even while the Albanian economy has shown a gradual improvement due to infrastructure development, tax collection and law reforms, etc a lots of remains to be done in respect of environmental care, health management, biodiversity conservation, etc. Because the country's economic development strategy wasn't sustained from strict environmental standards by considering here also the environmental abuse from foreign as well as from national entrepreneurs. By this way as per Environmental Evaluation Report 2012 elaborated from Agriculture Ministry the main pollution in Albania refer to:

- *air pollution*, which poses serious health risks to country habitants, as actually the air quality level for Tirana, Elbasan, Fier and Fushëkruja is more than twice in excess in comparison with World Health Organization Air Quality Standards. And each year are estimated 500 deaths per city attributed to this. The latest reason but not the only one is the dramatic increase in the number of cars, and especially the number of old vehicles in use, traffic in urban areas. From the other side the rapid urbanization and associated major increase in residential and commercial building construction significantly contribute to air pollution, together with the current bad condition of streets and roads within urban areas. The waste burning is another phenomenon that continuously impacts the air quality due to the fact that municipalities haven't implemented yet alternative solutions. Also the industrial concessions' soot delivered as the major part still use the old factories constructed in communist period.

-*water pollution* is another risk factor which impacts the Albanians lives due to its usage in agriculture products as the water supply infrastructure in general is inadequate and poorly maintained. Together with a lack of metering and operational control, this results in significant water losses, estimated to be over 60 per cent in all cities. In addition, insufficient storage capacities and frequent cuts in electricity mean that water supply in urban areas is intermittent. Moreover, in the same areas sometimes due to

illegal constructions the drinkable water channels join the sewerage. Thus, about 40 per cent of the urban population has a distinct sewer connection.

In rural areas, only a small proportion of the areas with piped water supply is equipped with sewer networks. All industrial activities located near rivers discharge wastewater directly without pre-treatment. And the worst is that, in locations with access in lake or sea the major flowing sewage is discharge there by affecting also tourism areas as well as the aquatic flora and fauna. Because only the municipalities of Kavaja and Pogradec have an operational treatment facility for the wastewater while in cities like Lezha, Vlora, Korça, Saranda, Durres, Shkodra, etc it is under construction or improvement phase. Even in cities the municipal waste management systems aren't well managed and in lots of rural areas they aren't present. So the urban waste is disposed in unauthorized areas and along roads. Should be highlighted that also exists sites designated for disposal of municipal solid water waste that aren't well managed due to the lack of necessary infrastructure or engineering provisions. The extensive use of chemical fertilizers and pesticides in agriculture are other determinants of water pollution. In addition the pollution leads to a deterioration of groundwater quality, especially in low-lying areas, where most of the population lives and most industrial and agricultural activities take place.

-Sanitation is a long-standing problem in the country. As mentioned due to the poor state of existing sewage collection and treatment systems poses a risk of contamination to both drinking water and soil. There is a significant burden of ill-health associated with these water pollution risks. The levels of shigellosis and typhoid fever are still high in Albania during the year's seasons.

-Forest accessibility has been significantly degraded through overharvesting and overgrazing which also caused the changed of forest age structure through species composition and reduced the forest under wood. Trees filling for heating, cooking, trade, and construction purposes as well as the fires induced by human being or climacteric conditions are threatening the forest ecosystems. The abusive practices are largely extent as there were charged the communal bodies to give construction permissions. In any

case, their intensity will probably decrease in the future due to the ongoing depopulation of rural areas and decreasing demand for firewood.

- *protected areas* due to the species habitat and conservation are increased during the years but a lot of them have also disappeared. Together all the upper conditions impact on the species habitat independently from the fact that we are going to enlarge the protected area surface or just strictly protect them.

And together all the environmental issues can affect:

- a) the climate change;
- b) the river flows;
- c) and tourism which is going to be highly promoted from government and other local agents which have invested in the field.

So, the future country development should take under consideration immediately remediation possibilities in order to fight the environmental pollution and degradation by promoting green activities. Hereinafter are explored the challenges that Albanian economy should enhance in order to meet the standards of an effective growth through a proactive management of environmental issues derived from its economic sectors.

Challenges toward green opportunities in Albania

The Albania's rapid economic development after the fall of communist regime doesn't promise anymore the same growth rate referring to different circumstances such as : economic, political, financial and environmental. Trying to approach the latest, this section describes the main areas where green interventions must be done in order to save the environment and contemporary reduce as much as possible the air and water pollution, land damages from commercial constructions in touristic areas, wood structure change, etc by favouring the establishment of recycling opportunities and aiming the transition into a green economy for a sustainable development in the future. That's why the establishment of green banks in Albania is considered relevant not only under the business context but primarily for the solution of vital concerns.

Initially, worth mentioned that some sporadic initiatives oriented toward green opportunities are handled from international companies branches established in Albanian such as: Coca-Cola, Vodafone, etc. Voluntarily they are involved in forestry building and care. The same is done from some international banking group's affiliates operating in the country years ago with the plant of trees in different roads. But this isn't enough.

The other countries experiences initiated from government show that green economy results constituted the leverage for boosting them during low GDP growth or recession periods. That's why the binom "business-government" should be focus on finding and promoting activities by implementing multi-sectoral interventions targeted toward the environmental sustainability and friendly green businesses prosperity. Dedicated initiatives are actually missing in Albania but they should be further developed in order to mitigate all the issues mentioned previously.

Starting with the *manufacturing sector*, which represents the major part of foreign direct investments in Albania by also being the main beneficiary of electricity usage as well as responsible for a high quantity of CO₂ emission in environment due to the primary resources extraction and elaboration it directly impacts the GDP growth and the human health. Thus, by improving the recovery and recycling processes as explained by Mohanty et al. (2002) through respective cycles adaption can help the manufactured goods extension and the sector growth without affecting the environment. Because as proposed from Mohanty et al. (2002) the usage of renewable, recyclable, sustainable, triggered biodegradable materials reduce the carbon dioxide emission in the environment thanks of the photosynthesis process, which transforms the composites in renewable resources, and vice –versa.

For this purposes the remanufacturing can be used and a lot of oil can be saved. Another way that can be proposed to it refers to the sustainable products practices management by co- integrating the products in order to save time and expenses. Michaels et al (2009 p.10) basically considers that "these direct and indirect effects on job creation are the most significant reason why the green investment stimulus program creates more jobs than a household-consumption stimulus". In other words, the environmental reorganization can increase not only the investment returns but also gives

additional opportunities in terms of technological and innovative ideas by creating job opportunities for the Albanian community. Appropriately this means resizing the business on behalf of resources use, environmental care and economic reality by evaluating the potential opportunities in order to sustain future financial projects under a multi-dimensional and environmental defensive approach.

But the investments require a lot of changes especially in resource efficiency, investment in clean technologies, the development of alternative products, services and materials as well as the ability to obtain value from unavoidable waste. And to do all this should be implemented a different governance model, enhanced the management processes and developed the measurement and reporting standard in respect of accounting complexities in accordance with Morrissey et al (2004) proposal. Meaning that, in order to assess and follow-up a sustainable waste management model implemented in a certain country should be taken into consideration three main factors such as: legal framework, local conditions, economic and socio-economic aspects which further complicates the management system.

In respect of food and beverage industry, aiming the agricultural production and processing, food production and distribution, retail and catering chains the challenge as argued from Guthrie et al. (2008) should report related to these issues: overfishing, high meat consumption, environmental degradation, health, resource and energy use, water, waste, worker rights.

Pertaining to the extractives mining of minerals, metals, oil and gas the main issues refer to the environmental degradation, water and energy use, even when the host community benefits including employment, revenues and taxes. For these reasons by referring to Hámor (2004) the Albanian government should review the legislative aspect aiming an appropriate shift in the resources price structure, the increase of energy efficiency and life-cycle of resources as well as the waste management.

From the other side the above mentioned legislative review will contemporary favor the establishment of green banks in the country as well as the exploration of green dimension from the banks pertaining

to Albanian market and their further development in respect of below mentioned circumstances which can be treated as their current and future business opportunities.

Transport (air, rail, shipping, road vehicles) management is another important field that should be considered into green transition. The issues to take care refer to: environmental degradation, land usage, emissions, fuels and road infrastructure safety. As envisaged from Meyer (1998) in order to help the transition should be developed lighter vehicles, increase the emphasis on collective and intermodal travel contemporary with technology in order to reduce the environmental impact and the noises. And contemporary with the government new legislative aspects only the green banks activity within the country can appropriately support the transport development in full compliance with environmental, health and new economic standards set.

Trade focus on organic foods, drinks, social, cultural and environmental products can help the countries to integrate environmental considerations into economic & trade policies by accounting for multilateral trade and climatic conditions as well as products diversification on behalf of Mæstad (1998).

Tourism management and promotion pertaining to lodging, recreation, restaurants and bars, events, services, culture, tours and excursions should deal with environmental degradation, socio-economic development, heritage and culture. A proactive manner to do so in green way is to collectively manage resources between public and private partners and improve the valuation of heritage and culture by initially using Font's et al (2001) agenda.

Construction and urban areas management, more attention should be paid on construction permits given aiming a better management of the areas in & out side cities. Thus, legal reforms should be implemented by reconsidering the functionality and environment care through detailed construction plans. This means that constructions should need the help of urban architects in order to better adopt the spaces with ethical and

environmental standards attempting to pursue Colding et al. (2006) results and be prepared for a better future development.

Concessions agreements signed with the industrial partners by requiring new investments in case of old technological standards, or appropriate technologies to act on behalf of environmental care as well as major salaries, health care and lower working hours for the respective employees.

Another important step that should be implemented immediately is the differentiated waste collection by imposing the people to respect the nature and differentially collect. These initiatives should be immediately undertaken from communal and municipal instances through the purchase of distinctive waste containers and trash trucks. In addition Chattopadhyay et al. (2005, p. 357) suggests that “tax increment financing by the local government is a feasible option to fund cleanup”.

However *tax facilities* should be implemented for the businesses that have as main activity the waste elaboration not only related to the yearly results but also to the space, publicity, etc. Worth mentioned that similar activities should be undertaken from municipalities aiming not only the better environmental management but also the profitability as they firstly deal with these kinds of issues.

Obviously as described from McNabb (2005) public *utilities management* should be considered in every single stage while shifting to green economy in respect of: emissions, nuclear power, water usage and waste disposal. Focusing on demand management, efficiencies increase, the development of renewable technologies at all scales must be a priority by also taking care of pricing structure and waste resources reuse, recycling and energy recovery from waste.

Green banking perspective

For the time being green banking stands for a different concept in the Albanian banking system. Actually the banks pertaining to the Albanian banking system are mainly focused on investing in high return activities

by firstly dealing with the risk management standards as argued from Scalera et al. (2012). Nevertheless, the statistics show that the volume of nonperforming loans is increased.

Meanwhile, green banking promotes green activities by changing also the customer's attitudes toward the environment and not only by contemporary contributing in the country's future economic development.

They are totally normal banks that have different topics (compared with the commercial or investment ones) in agenda such as:

- Creating awareness about green communication (to employees, customers, public institutions);
- Friendly operations and technological improvements;
- Designing and launching green products (by promoting environmentally responsible lending and investments).

Thus, they can act through agencies/affiliations or even on-line but in any case their aim is to earn profits by improving the business future as well as the bank's assets quality through:

a. Nature and Environment projects in the field of renewable energy (wind energy & hydro-electric projects), organic agriculture across the entire value chain including healthy food shops and environment technology like recycling companies and nature conservation projects;

b. Culture and Welfare loan purposes, granted to artists and organizations actively involved in education, healthcare or aid to people with physical and learning disabilities as all these enterprises have a clear, people-centered policy;

c. Social Businesses, through loans granted to traditional businesses, innovative enterprises and service providers with clear social goals, including financing of start-up enterprises, fair trade businesses and micro finance institutions and providing basic financial services for people in the developing areas.

In any case, they use as credentials: knowledge, capital and energy which enable the solution of a lot of problems and they feel almost responsible to contribute on this such as: HSBC Bank, State bank of India, PNC Bank, etc.

Green sustainability

Mainly green banks undertake green and social activities in the countries where are located or even finance governmental, municipal and international projects by giving the sound example to the customers as well as preserving the brand identity and reputation.

In any case they act according the following three principles:

- tend to substantially expand their concept of return including the social and ecological added-value of their activities;
- include internal rules and systems that comply with ethical criteria;
- understand and accept their responsibility in handling money-streams and invest them responsibly.

Acting by this way the banks can almost enhance the competition between them through the ongoing offer of convenient products and services to businesses and population.

This translates into a continuous investment and strong relationship with the customers target group in order to respond on time and more efficiently as possible to respective demands and build with them a better future.

The present and potential future of green activities in Albania

Albanian economy represents a rural economy as agriculture is the second largest sector (20% of GDP) and employs more than half of active labour force. But the lending activity pertaining to agriculture, hunting and forestry together constitutes only 1.2% of total amount granted in the economy during the year 2013. By referring to the historical evolution (see Figure 2) and current situation worth mentioned that it requires huge investments (related to farmers, hicks, cultivators, etc, for special borrowing requirements and technological instruments necessary for

the improvement of agriculture companies production and profitable performance) in order to make it fully operational and compliant with the European standards as exits a large surface appropriate for agriculture development.

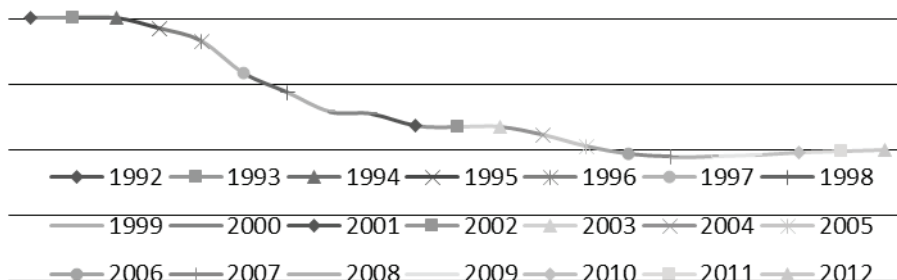


Figure 2. Agriculture trend in Albania during last two decades (INSTAT Data)

But in contrast, it hasn't a large access in banking sector in terms of lending products and services dedicated to agriculture due to:

- Climatic risk (which is not appropriately measured from banks);
- Lack of collaterals (meaning the propriety title for the infrastructures and lands used);
- Lack of documents and experience in financial management fields;
- Long-term returns as per production cycle;
- Lack of agri-insurance schemes;
- Lack of marketing knowledge in the sector within the country.

In most of cases agriculture needs working capital in order to manage the cash-flow during the planting period while long terms funding is required for investments in warehouses, technological equipments for harvesting, collection and processing of products. The latest also encourages the chemical fertilizers export based on production bio-standards by positively impacting the life tenor of people involved in agriculture and significantly alleviates the poverty in rural and agriculture areas.

The also called “agribusiness” is one of the main focuses of Procredit Bank which has established dedicated structures in advice, evaluation, monitoring and collection process in farming, agriculture, orchards, vineyards, poultry, agricultural processing and agricultural mechanics, etc.

The novelty in the field is that:

- start-up loans are offered for the farm entrepreneurs;
- alternative loans are offered for consolidated agri-businesses with specific investment plans (without requiring almost high collateral coverage ratio);
- management relations are handled for the agri-clients between ProCredit International agencies in support of new markets development.

Contemporary, Procredit bank is the pioneer in exploring the “Green Loans’ which enables individual, businesses, farming and livestock activities to lower energy costs, protect the environment, and make the best use of natural resources through financing some equipments with the appropriate technology which save energy.

Organic food and fishing is an alternative investment channel thanks to high nutritional values that our national products have, thus they can expand the export opportunities in different countries worldwide. The banks should consider the financing in schools which have in their program the healthy nutrition and forestry care by targeting two crucial elements toward the environment safety:

- a. Eat and consequently demand organic food;
- b. Take care of the environment and invest on it aiming to protect the respective flora, fauna and its organic qualities.

From the other side Albania needs immediately to recycle: glass, plastics, waste, etc but similar initiatives can be financed only on a green banking prospective.

Additionally, the banks could exploit the country capacities such as: water, mineral resources through investments in environmental projects. Mining

and quarrying as industrial branches are important for the development of the country and they also attract the attention of foreign investors.

Spa with their curative values in Elbasan and Peshkopia represents an attribute for the rural areas economic growth and green banks can effort them by making a pleasant reality toward tourism development.

Other new tourism form such as Eco-tourism reflect a totally unexplored dimension of the Albanian economy that can be raised in Butrint, Berat, Gjirokaster, Kruja, Lezha, Pogradec, Lura National Park, Patok and particularly in the lagoons of Karavasta and Narta. In the same context can be expanded the mountain tourism in rural alps such in the areas of Theth, Valbona and Vermosh, etc.

So, it conveys innovation and special interest from all visitors and further green development for these virgin areas.

On the green light of these banks development the most important responsibility to be undertaken remains their strategic alignment on activities that support and expand the environmental safety by performing in steady financial performance and contribute on country economic growth.

Conclusions

In order to come to the aid of the Albanian economy by appropriately responding to the environmental disaster related to: air and water pollution, sanitation in rural areas, forestry damages is more than necessary the development of green funding projects oriented in manufacture sector, transport, tourism management and promotion, organic trade, construction in urban and rural areas, high-tech industrial investments and utilities management in order to save the environment and support additional economic growth opportunities.

All this means that the banks operating in Albania should be immediately focus on green lending products in coherence with national development

strategy implemented from Ministry of Agriculture, Rural Development and Water Administration and other green banks are welcomed to join the financial sector.

As mentioned, the first step can be undertaken in agri-business referring to the country premises, and second it will be supported from the previously mentioned national strategy through the:

- allocation of agriculture grants in unexplored areas;
- equipment with propriety certificates for the lands used for agriculture purposes;
- establishment of guarantee funds for managing potential risks faced from agriculture;
- implementation of land insurance schemes;
- closure of the cooperation agriculture agreements with foreign direct investments;
- use of European union agriculture development funds IPARD-like pertaining to our pre-association phase.

The investments in agriculture spontaneously can help the entrepreneurs to better manage and save the environment oriented toward: healthy and organic food trade, technological transport by avoiding the air pollution, utilities-resources management aiming the agriculture expansion and energy provisioning, forestry management and expansion for touristic and business purposes, new ecological constructions in accordance with climacteric conditions and worldwide environmental standards. That's why the Albanian Agriculture Ministry responsibility is enlarged also in rural and water management.

It is worth mentioned that actually the nonperforming loans pertaining to agriculture sector represent only 6% of the amount granted which is the lowest ratio compared with other economic sectors (above 25%). This is related also to agriculture growth results for the last quarter of the year 2013 which were quite good by marking an average growth of 2.9%, mainly focused on agri-business products as they represent a consolidate and formalized marked segment.

Undoubtedly, that the green banks acting accordingly their strategic lines can promote the country agriculture development in the future by designing eco-friendly products and services for customers almost where their needs become more and more green....

But what should be done in order to make attractive the being green beyond the potential economic factor? Under business context tax facilities (lower taxes in terms of yearly profit and lack of taxes as per dividends distribution) should be implemented to green businesses and banks as the latest apply lower interest rates per loan products compared with the commercial banks. Contemporary this influences the stakeholder decision to invest more and more in green activities. Another factor that should be mentioned is the interest of all the actors in environment under customers and entrepreneurs' quality and their efforts and fight in a better life quality. And finally what prevails the sustainability of green cycle in a certain economy is the legal factor designed by responsible authorities within the country in coherence with energetic, educational, economic and development priorities.

References

- Chattopadhyay, S., Braden, J.B., and Patunru, A. (2005). Benefits of hazardous waste cleanup: New evidence from survey and market based property value approaches. *Contemporary Economic Policy*, 23(3), 357-375.
- Colding, J., Lundberg, J., and Folke, C. (2006). Incorporating green-area user groups in urban ecosystem management. *AMBIO: A Journal of the Human Environment*, 35(5), 237-244.
- Font, X., and Tribe, J. (2001). Promoting green tourism: the future of environmental awards. *International Journal of Tourism Research*, 3(1), 9-21.
- Guthrie, J., Cuganesan, S., and Ward, L. (2008, March). Industry specific social and environmental reporting: The Australian Food and Beverage Industry. *Accounting Forum*, 32(1), 1-15.
- Hámor, T. (2004). Sustainable mining in the European Union: the legislative aspect. *Environmental Management*, 33(2), 252-261.
- Mæstad, O. (1998). On the efficiency of green trade policy. *Environmental and Resource Economics*, 11(1), 1-18.

- McNabb, D.E. (2005). *Public utilities: management challenges for the 21st century*. Cheltenham, UK ; Northampton, MA: Edward Elgar Publishing.
- Meyer, P.S. (1998). Toward green mobility: the evolution of transport. *European Review*, 6(2), 137-156.
- Michaels, R. and Murphy, R.P. (2009). Green jobs: fact or fiction. Institute for Energy Research, Houston, Texas, January, 1-15.
- Mohanty, A.K., Misra, M., and Drzal, L.T. (2002). Sustainable bio-composites from renewable resources: opportunities and challenges in the green materials world. *Journal of Polymers and the Environment*, 10(1-2), 19-26.
- Morrissey, A.J., and Browne, J. (2004). Waste management models and their application to sustainable waste management. *Waste management*, 24(3), 297-308.
- Scalera, F., and Todri, A. (2012). The Operational Risk Evaluation and Management Prospective in the Albanian Banking System. *1st International Conference "South-East European Countries Towards European Integration"*. Elbasan (Albania), October 20, 2012, 63-64.
- Strategic Plan 2014-2020 for Agriculture Development in Albania. Albanian Ministry of Agriculture, Rural Development and Water Management, January 2014.
- Todri, A. (2012). "Atypical" Banks: A Value-Driven Banking in Albania. *International Journal of Business and Commerce*, 2(4), 66-77.
- INSTAT. <http://www.instat.gov.al/al/home.aspx>.
- WORLD BANK. <http://data.worldbank.org/indicators>.

Business ethics and gender equality: the basis for a new leadership model

Maria MEDINA - VICENT¹

Abstract. *Business Ethics remains necessary in a globalized world. Companies need to listen to their stakeholders and identify their needs. As social institutions, companies should display moral behavior because society expects good actions of them. As a result, they need to integrate social and environmental problems into their day-to-day work because that is their responsibility. Consequently, gender equality has to be integrated into company management because it is a global, social interest. Since the dichotomist division of public and private spaces, cultural constructions of gender have been determined, which are based on values and restrictive principles that build a conflicting model for men and women. In contemporary western societies, these roles are the basis of our education and lifestyle, and they impregnate all areas of society cross-sectionally, from politics to economy. This gender differentiation becomes gender inequality, which is reproduced by companies. In the present communication, our main task is to identify the real relation between Business Ethics and an emerging form of leadership: Women's Leadership. Our hypothesis centers on the notion that Business Ethics can enhance the presence of women as leaders in companies. Moreover, we have to work on the possibilities of defining a women's leadership model, which is not often done visibly, and highlight its main features which come close to the transformational leadership model. We will also see how in a context of change and economic recession that the need to reformulate the basis of the traditional leadership model, traditionally associated and practiced by men, is evident. Companies demand complementary leadership, transformational leadership, and need to respond to the principles and values of Business Ethics.*

Keywords: *business ethics; stakeholders; discourse ethics; women's leadership; transformational model.*

1. Ph.D. candidate, Department of Philosophy and Sociology, Universitat Jaume I, Castellón, Spain, medinam@uji.es.

Introduction: Why is business ethics necessary to build healthier companies in a global society?

Companies operate globally, which is a new reality shaped through the transfiguration of temporal-spatial limits. Information and communication technologies allow us real-time access to information around the world. Consequently, national borders are disintegrating to give way to a new multicultural citizenship, as the European Union case. Nevertheless, some differences remain between one national state and another, because strong nation-state governance allows each country to determine its own commercial law, labor and environmental regulations, and economic policies. This new global situation can be useful for companies because they can internationalize their activities and increase their presence in other countries, but we must remember that some significant differences are still alive, especially in the legal field. At the same time, business activity can become more complicated because its actions do not only affect immediate surroundings, but the entire world. For example, a single decision made by an executive or manager in a very short time affects thousands of people working in a distant place. So we now find ourselves in a “global society”, where companies are not islands, but are interconnected with lots of groups in many places worldwide. In short, the first step is to recognize that the environment is changing and that the company is interconnected with society, nature and politics. Therefore, due to this interconnection, the company will face many social problems, including the gender inequality, which is a global issue.

First of all, in order to incorporate the ethics perspective into business dynamics, we should recognize the relations between people and companies. If we manage to identify the links that attach the company to society, we will build a better world; we will build healthier companies. From a philosophical point of view, the links from the Latin term “*ligatio*”, that link the company to all its groups of interests must be recognized and, therefore, they oblige (*ob-ligatio*) it to live up to the expectations that they have placed in it (Cortina, 2007). As human beings, we are interdependent social beings who live in an increasingly interconnected world, and this will continue to grow in forthcoming years. So, as the Spanish philosopher Adela Cortina remembers, recognizing the need for us all to be linked together, including companies, is the first step toward social growth of trust (Cortina, 2007). According to this recognition, it is easier to join

governments, companies and citizens to address different problems of society, such as gender inequality or environmental pollution. Nowadays, companies need to be aware of this new request made by citizens. In many cases, the company acts without paying attention to the changes that now take place around it, hiding behind the current economic crisis to make immoral and harmful decisions for employees, the environment and society in general. It is fair to state that many companies are lurching blindly without considering that society is changing and, for this reason, they must adapt appropriately if it want to survive. This imbalance between new social demands and company actions is generating a crisis of trust in society as far as company action is concerned. People are suspicious about business actions, and they develop a critical attitude of them at the same time. The ethical management of companies is required for them to know Stakeholders' needs, as opposed to having to answer for our actions.

Thus those companies that want to survive must be aware of the real sense of their own actions. Recognizing one of the key problems is an absolute must: the traditional economic rationality model in which economic profits are above any other issue; this perspective conceals an autistic notion of the company as if it owes nothing to society. Even so, companies are a very important part of society because they create value in many ways: economic, technological, cultural and, more importantly, this allows society to continue to work. So the second step will consist in building business ethics to overcome this autistic and economic rationality concept by stressing the notion that the company forms part of Civil Society and that it generates social goods, and not just profits for shareholders. At the beginning, this may come as a shock to executives, managers and directors. However, we must understand that the company's ethical behavior does not go against long-term profits. For this reason, we have to introduce ethical values into everyday management decision-making and create healthy leadership models that include women and other groups. Moreover, we stress that an ethical management ought to have a strong communicative component, so it is necessary to invest resources in the communication channels, internal and external, to enable dialogue between company and society. This task is complicated for multinationals, operating in different territories, but this serves to reinforce our argument and encourage them to invest a portion of their funds in monitoring communication and ethics management business.

So the third step is to recognize who is affected by business activity. We start with the Stakeholders Theory by R. Edward Freeman in the 1980s (Strategic Management. A Stakeholder Approach, 1984). From it we understand Stakeholder as “any group or individual who can affect, or be affected by, the achievement of business objectives” (Freeman, 1984, p. 24). One of the key bases of this theory is that it envisages a management model that collectively integrates the company’s ethical and organizational aspects (González, 2012, p. 71). Evidently, society as a whole is important for the company’s activity, but in each specific case, the company will have to respond to the specific demands made by different groups (trade unions, feminist groups, environmental groups, etc.). We need to assume that neither the law nor the market is a mechanism that sufficiently regulates today’s organizational behavior, because the economic and political laws change by state, so something else is necessary (García-Marzá, 2004, p. 45). That something else lies in trust and the moral management of resources, and in the ability to generate trust through dialog, and it also involves mutual recognition. For example, respect Human Rights, which are universal, should be strong when the laws of a country are not enough to guarantee other minimum rights. It is not sufficient to rely on a strategic business management understanding to explain the company’s shares; communicative action to bring the company closer to its stakeholders is needed.

It is important to point out that the business ethics model we propose herein focuses on the Discourse Ethics of Habermas (1989). This ethics model helps us to perceive Stakeholders as “active subjects, speakers, and not merely resources to satisfy one of the parties” (García-Marzá, 2004, p. 197). So this deontological perspective of ethics is vital for allowing dialogs between companies and stakeholders because it is during this exercise of freedom that companies can heed the demands made by citizens and can participate in a fairer society. Accordingly, women and feminist groups will always form part of stakeholders as gender equality is based on a global human value. In summary, dialogue-based business ethics allows us to build healthier and fairer companies because it teaches them to become moral institutions that form part of Civil Society, and as such, seeks to generate social goods, not only economic benefits, which it also is one of its primary objectives. As a basic social demand, if we wish to enhance

the importance of women in the business world, we must first carry out ethical business management. We must not be afraid of the changes taking place around us because in today's volatile world, we must know how to adapt our working methods to social demands. Fair companies have to deal with different groups of interest that claim that men and women in all spheres are treated equally, including the workplace, leadership positions and economy. All of these features needs a real possibility to attend the demands of stakeholders in Civil Society. The Discourse Ethics of Habermas (1989) offers this possibility because its universalization and deontological principles, inheriting of Kantian philosophy, as García-Marzá remembers: "just a universalist ethics is able to respond to the internationalization of moral demands and expectations placed on the company in a global context" (García-Marzá, 2004, p. 32).

Gender equality as an ethical claim in companies

We highlight the vital necessity to introduce gender equality into the company's different management levels. This need is based on a fundamental demand and is also extensively based on the theoretical principles of participatory democracy and democratic citizenship. One way to achieve a more equal company is to promote equality plans. However, it should be pointed out that this is a pending matter in business. These plans must include a component to fulfill the equality standards that the European Union promotes and recommends. But companies themselves should also look after not only such fulfillment, but should also have the initiative to promote their own Gender Equality plans based on social corporate responsibility that adapt to the company's own characteristics and peculiarities.

Nowadays, it may seem that equality between women and men has been achieved because several international agencies, such as the Declaration of Human Rights, incorporate this premise. For example, within the European Union framework, we can find agreements that work on ensuring Gender Equality, such as the *Strategy for equality between women and men (2010-2015)*, which is one of the most recent agreements that includes the principles defined by the *Women's Charter: Declaration* by the European Commission on International Women's Day (2010). However when we

look at what is actually happening, we see that inequality still remains because, although moral principles exist and are specified in declarations of rights, this problem is structural, and changing structures in a society is hard work. So the occupational sexism we find in the business world is merely a reflection of the patriarchal domination features of our society. This statement does not imply accepting women's under-representation; indeed the exact opposite is true. This evidences the need to incorporate this problem into the business ethics management instruments we looked at earlier.

Another example on our closer horizon is found in the 2020 world meeting in Beijing, where governments and other institutions will discuss Gender Equality and entrepreneurship among women. The key point here is to realize that social problems today are the responsibility not only of politicians, but also of companies and Civil Society (Cortina, 2004, p. 11). Indeed there are moral values and ideals that society considers valuable, including the achievement of a more egalitarian society in which men and women receive equal opportunities to access work. However, our daily actions seem to contradict the beliefs to which we cling so strongly (Cortina, 2007). One of the most important problems is that Gender Equality in the business world forms part of the "ought to be" sphere, but not part of the "to be" reality. This is not sufficient; we have to incorporate the demands made from feminism into business ethics.

For this reason, it is surprising to see how such claims have been integrated into regulations and state laws, such as Article 14 of the Spanish Constitution (1978), which addresses by law and sets out the prohibition of any discrimination based on gender. However, many companies deny following such principles. Then there are more recent plans like the *Strategic Plan for Equal Opportunities 2014-2016 (Plan Estratégico para la Igualdad de Oportunidades 2014-2016)*, which promotes equality between men and women, and defines actions that contribute to reduce inequality in our daily lives. When a principle like equality is formalized in a law, we perceive that it has come true. Yet this belief is false because reality is quite different: women are still treated unequally and they do not have the same opportunities as men, so they have fewer chances to move up the ladder than men do in companies.

In the business domain, we still encounter difficulties that women must overcome to occupy management positions, to earn the same salaries as men, or to reconcile family life with work. Consequently, “redefining our business concept so that its meaning and *raison d’être* also include the gender perspective” (García-Marzá, 1999, p. 1) becomes an urgent matter. Perhaps the law and equality plans are a good initial step towards achieving a more ethical company. Nonetheless, the real need lies in changing the mentality of people and companies. Thus the real problem is how to integrate the gender equality in companies, and one of the advances for the dialogue-based ethics, is to understand companies from the responsibility. The recognition of this fact involves that the company needs to response of their actions in front of stakeholders, offering concrete actions to solve the gender inequality. Society demands all the policies we looked at before to be integrated into the day-to-day work of companies and managers. Consequently, the company must understand efficiency not only from an ethics perspective of equality. It must also be studied from the Theory of Stakeholders by always considering that their activity will affect women more (De Luis, 2008). This operation will allow them to fight against the glass ceiling and other inequalities, which continue to characterise companies.

In the specific case of the Spanish State, there is the *Strategic Plan for Equal Opportunities 2014-2016 (Plan Estratégico para la Igualdad de Oportunidades 2014-2016)*. We can see that gender demands are being incorporated in legal terms. Some of the actions made by Spanish State are focused on issues such as: motivate the women entrepreneurship, facilitate the reconciliation of personal, work and family life; or promote social awareness in eradicating gender violence. The main objective of this plan is to promote the inclusion and long-termism of women in the workplace, and to also make their contribution to economy visible. Overall, the plan refers to the long-standing problem of the public sphere being separated from the private field, where a woman’s role has been traditionally played, which affects and conditions her social role. This political and economical separation between spheres separates the economic sphere from the social one, which leads to an unequal society. This aspect has been highly criticized by feminist theorists like Nancy Fraser (2006) and Anne Phillips (2010), whose studies have focused on the effects that this situation has on social

life. Policies and plans have mentioned inequality and this separation, but it has been used only for companies can to wash their hands of it. In that regard, discourse ethics allows us to highlight the need to recognize the contribution to the economy of the traditional work of women in the field of home in childcare and household management.

It is also true that companies must go beyond policies by moving further and more toward positive action in an attempt to eradicate the social roots of discrimination (García-Marzá, 1999, p. 14). Law is necessary to promote business ethics, but it does not suffice to achieve the integration of women into companies. For this reason, it is vital that companies learn to operate fairly, and that companies, managers and executives must move in the right direction and implement good actions that are considered socially valid. So the basic aim of business ethics is to deal with the conditions of making the company's social credibility possible and to, therefore, encourage all the groups that form part of, or are affected by, its activity to be confident in it (García-Marzá, 2004, p. 23). We must emphasize that companies affect women. So if companies do not include one of the groups affected by their activity, then strategic communication based on coercion that shuns dialog on equal terms comes into play (Habermas, 1989). One of the ways to include the women voices in the company is the "ethics committee" (*comité de ética*) (García-Marzá, 2007, p. 203), a meeting where the company can establish real dialogue with the stakeholders, as well as with women. From this active listening, companies could implement measures to promote the women participation in decision-making positions, measures of time flexibility, implement policies against sexual harassment, etc. Importantly, the ethics committee must be accompanied by the drafting of a code of ethics (*código ético*) and conducting ethics audits (*auditoría ética*) (García-Marzá, 2004), these three instruments will implement ethical management in companies.

To summarize this section, we agree with the fact that Gender Equality is a basic human right, and for this reason, all companies should integrate it into their day-to-day work and business management. We as citizens must be aware of promoting women's rights in the workplace, which the International Labor Office states as one of its principles. Other international organizations like the ONU also integrate this demand. In short, the fact that "women are able to work on equal terms with men it is

not just a desirable question, but an expected one” (García-Marzá, 1999, p. 26), that needs to be integrated into business reality.

Business ethics can be the drive for women’s leadership

Globalization has brought about changes in our economies and societies. New global economic structures have made markets fragile, and competitiveness has been moved to a global level. Moreover, the Communication Society (Castells, 1999) has enabled the creation of global networking by offering individuals and organizations around the world the ability to communicate easily. This is characterized by new communication network structures, which are supposedly more democratic, and by widespread public access to information sources. Nowadays it seems to be that we live in an interconnected world where citizens begin to accept their active critical role against governments and companies. In this dynamical context, companies feel they must rethink their ways of working in order to become not only more flexible and proactive, but also active subjects. To this globalization and communicative transformation process, we must add the recent economic and financial global crisis, which we find ourselves in since 2007. Such economic and social restructuring has led people to question the traditional ways that companies have worked and their leadership model.

Nowadays, immersed as we are in a global economic crisis, companies are beginning to question the effectiveness of a leadership model based on the traditional male stereotype, and are seeking new management models that imply another way of understanding the company. Because this traditional model no longer generates trust, companies must rethink their kinds of leaders, because they have to generate trust to survive to the crisis. For example, leaderships including employees in the decision making are being very well received (El Tiempo, 2014). This is an excellent opportunity to promote equality between men and women in leadership positions because, assumedly, women’s leadership is related with the transformational model defined by Bass. Transformational Leadership has four basic characteristics: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration (Bass & Avolio, 1994a). Charismatic leadership can boost organizational changes by inspiring each employee. Inspirational motivation consists in the leader

transmitting his/her perspective to the team to fulfill the business vision so that it becomes an example to imitate. Furthermore, in order to achieve complete implication, the leader must treat each team member separately by paying attention to his/her needs so they feel valued. Intellectual stimulation involves encouraging all the team members to participate in problem solving, and brainstorming is well-valued, even though some ideas do not match the leader's. These four principles should work together to achieve individual aims that are combined with organizational ones and for them to become shared goals.

Following Bass's theory, many authors have studied the differences in leadership between men and women. Some authors support these differences by associating women with a more transformational leadership model. One of the most important reasons for this association is that the four characteristics we looked at, and the values underlying them, can be easily identified with the characteristics associated with female gender stereotype, such as cooperativism, empathy, cooperation, collaboration, sensitivity, etc. These values are becoming more important at managerial levels (Ramos, 2005, p. 55). Furthermore, authors like Loden (1987) argue that male leaders respond to a pyramidal hierarchy scheme, while Women's Leadership is identified with a network structure, which involves open dialogue networking. Finally, we might think that the transformational leadership model approaches Women's Leadership since the „Four I's" relate to the characteristics classically attributed to women and internalized through socialization, with which they feel more at ease and which they develop in the workplace (Escapa & Martinez, 2010, p. 57). But if we understand that a stereotype is the biased image or idea commonly accepted by a group or society, we will agree that it is possible to change this stereotype, but this could take decades, maybe centuries.

As we can see, associating a given leadership style with women and another with men is complicated because it can prove essentialism and could be dangerous for equality, because the essentialism perpetuate unequal gender stereotypes and does not provide an ethical approach to management. Yet it is necessary to recognize the capacities that most women have to occupy leadership posts in companies. Thus ethical management in companies will promote a transformational-type leadership, which will open out to effective equality between men and women in positions of leadership.

Integrating the ethical perspective into business management can also be a good way to include all the groups affected by companies' activities in dialog, where all the groups' legitimate needs and claims must be considered. This is also a good way forward to promote Women's Leadership of a more transformational ethics kind, one that is better connected with new company demands, but always from an ethical perspective.

Conclusions

Globalization has brought about changes in the role that the State plays, which can no longer control the actions that companies perform in other countries. The law differs from one territory to another, but must never be an excuse to ignore Human Rights. So companies must be self-governed, based on universal moral principles, because they generate good social values since they are an inextricable part of Civil Society (Conill, 2004). Hence they should behave ethically and responsibly in all the actions they carry out. Accordingly, we firmly believe that companies have the moral responsibility to address the gender inequality problem, to create more egalitarian forms of working, and to provide women with equal employment opportunities in management posts.

In conclusion, it is necessary to integrate business ethics with a gender perspective into all companies. In line with this, we can argue that the better implemented ethics management is in these companies, the most likely that women will be allowed to occupy managerial positions. First, if the company becomes an active listener, it will realize that it must leave behind a leadership model based on exclusive, aggressive values, and that it must make way for a more ethical transformational leadership model. Second, as a social institution, the company should be aware of the demands of its Stakeholders, and should work on transforming exclusion-based social structures. Hence it is the company's direct responsibility to facilitate access of women to managerial positions without setting up barriers. We therefore defend the hypothesis that the better ethical management implemented in the company, the more likely it will be that work dynamics are based on equality, to thus provide more women with access to managerial posts and to the development of transformational models. Indeed, we conceive that an ethical company is the most important key toward women becoming transformational leaders.

References

- Bass, B.M., and B.J. Avolio (1994a). *Improving Organizational Effectiveness Through Transformational Leadership*. Thousand Oaks, CA: Sage Publications.
- Bass, B.M., and B.J. Avolio (1994b). Shatter the glass ceiling: woman may make better managers. *Human Resource Management*, 33(4), 549-560.
- Castells, M. (1999). *La era de la información: economía, sociedad y cultura*. Madrid: Siglo XXI.
- Conill, J. (2004). *Horizontes de economía ética*. Madrid: Tecnos.
- Cortina, A. (1997). *Ciudadanos del mundo*. Madrid: Alianza.
- Cortina, A. (2004). Ética de la empresa: no sólo responsabilidad social. *XIV Seminario Permanente de Ética Económica y Empresarial Fundación ÉTNOR*, 14, 7-18.
- Cortina, A. (2005). Ética de la empresa: claves para una nueva cultura empresarial. Madrid: Trotta.
- Cortina, A. (2007). Ética de la razón cordial: educar en la ciudadanía en el siglo XXI. Oviedo: Ediciones Nobel.
- De Luis, P., et. al. (2008). Importancia de los stakeholders en las estrategias de igualdad de oportunidades entre hombres y mujeres, *III Congreso de Economía Feminista*, Instituto Andaluz de la Mujer.
- El Tiempo (2014). *Los nuevos liderazgos en las empresas del país*. Retrieved from <http://www.eltiempo.com/archivo/documento/CMS-13579716>.
- European Comission (2010). *A Women's Charter. A Strengthened Commitment to Equality between Women and Men. Declaration by the European Commission on the occasion of the 2010 International Women's Day*. Retrieved from http://ec.europa.eu/commission_20102014/president/news/documents/pdf/20100305_1_en.pdf.
- European Commission (2010). *Strategy for equality between women and men (2010-2015)*. Strategy adopted in September 2010. Retrieved from http://ec.europa.eu/justice/gender-equality/files/strategy_equality_women_men_en.pdf.
- Escapa, R., and Martínez, L. (2010). *Jo, directiva. A la feina iguals. Estratègies de lideratge per a dones directives*. Generalitat de Catalunya.
- Fraser, N. (2006). ¿Redistribución o reconocimiento?: un debate político-filosófico. Madrid: Morata.
- Freeman, E. (1984). *Strategic management. A Stakeholder Approach*. Cambridge: Cambridge University Press.
- García-Marzá, D. (1999). Mujer y entorno empresarial. *Papeles de Ética, Economía y Dirección*, 4.

- García-Marzá, D. (2004). *Ética empresarial: del diálogo a la confianza*. Madrid: Trotta.
- García-Marzá, D. (2007). Responsabilidad social de la empresa: una aproximación desde la ética empresarial. *Veritas*, 2(17), 183-204.
- González, E. (2007). La teoría de los Stakeholders. Un puente para el desarrollo práctico de la ética empresarial y de la responsabilidad social corporativa. *Veritas*, 2(17), 205-224.
- González, E. (2012). El modelo de empresa plural desde el enfoque de los stakeholders, *Debats*, 116(3), 71-80.
- Habermas, J. (1985). *Conciencia moral y acción comunicativa*. Barcelona: Edicions 62.
- Habermas, J. (1989). *Teoría de la acción comunicativa: complementos y estudios previos*. Madrid: Cátedra.
- Habermas, J. (1999). *La inclusión del otro: estudios de teoría política*. Barcelona: Paidós.
- Habermas, J. (2000). *Aclaraciones a la ética del discurso*. Madrid: Trotta.
- Helgesen, S. (1993). *La ventaja de ser mujer. Formas femeninas del liderazgo*. Buenos Aires: Vergara.
- Instituto de la Mujer, Ministerio de Sanidad, Servicios Sociales e Igualdad, Gobierno de España (2014). *Plan Estratégico para la igualdad de oportunidades 2014-2016*. Retrieved from <http://www.inmujer.gob.es/actualidad/PEIO/docs/PEIO2014-2016.pdf>.
- Kaufmann, A. (1996). Tercer milenio y liderazgo femenino. In Nuño, L. (Coord.), *Mujeres: de lo privado a lo público* (pp. 177-186). Madrid: Tecnos.
- Loden, M. (1987). *Dirección femenina. Cómo triunfar en los negocios sin actuar como un hombre*. Barcelona: Hispano Europea.
- Millet, K. (2010). *Política sexual*. Universitat de València: Cátedra Instituto de la Mujer.
- Phillips, A. (2010). *Gender and culture*. Cambridge: Polity Press.
- Ramos, A. (2005). *Mujeres y liderazgo: una nueva forma de dirigir*. Valencia: PUV.
- Rosener, J.B. (1990). Ways Women lead. *Harvard Business Review*, 68(6), 119-125.