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**MULTINATIONAL COMPANIES,  
THE MAIN VECTORS FOR PROMOTING SOCIAL RESPONSIBILITY IN THE CONTEXT OF  
GLOBALIZATION**

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**Abstract:** *The current international situation is marked by profound events with a direct and aggressive impact on the population, the pandemic crisis, the energy crisis and the war in Ukraine, generating major imbalances in the natural and social environment and implicitly in the economic system.*

*At the same time, humanity is going through a period of deep structural changes at the global level, such as the fierce struggle between globalization and sovereignty, the survival of one or the other being conditioned by connecting to the values and needs of the community, even of humanity, by combining economic and social interests and environmental.*

*In this context, globalization, which tends to expand beyond the economic area, must be fair and sustainable (EUR-lex-europa.eu, 2007).*

**Key Words:** *globalization, international companies, social responsibility.*

**JEL Classification:** *F63, F23, M14.*

### **Introduction**

Before proceeding to the actual approach to the theme, the three correlative concepts must be briefly defined: multinational companies, globalization and social responsibility.

Multinational companies are approached conceptually under various definitions, names or meanings, sometimes even contradictory, but most opinions claim that multinational companies are the main global economic agents, with extensive activity outside the borders of the country of origin, constituting a complex economic legal structure at the international level, composed of the parent company (main company) and subsidiaries established in different countries, i.e. a group of companies that are dependent on the parent company.

Although there are limiting opinions to a certain number of at least 6 subsidiaries (Vernon, 1996), I think that the definition given by John Dunning is the most appropriate one also found in the one launched by Wikipedia "a multinational or transnational enterprise is the enterprise that engages in foreign direct investment and owns or controls in a way, activities with added value in more than one country" (Dunning, 2008).

Through the four defining characteristics, multinational companies generate and integrate the context and notion of globalization:

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- the scope of the activity (turnover, employees, assets, etc.);
- the number of subsidiaries in different countries (more than one subsidiary, the more there are, the more eloquent);
- the single decision center (transnational policy, joint management, strategy and control ensured by the parent company of different nationality, etc.);
- the global strategic perspective that requires a long-term strategy based on the particularities of the subsidiaries.

In this context, globalization describes that multiclausal process that involves the unfolding of events that take place in certain parts of the world with more or less extensive repercussions on societies and problems in different parts of the globe, being a process of "international integration that results from the exchange of opinions, products, ideas and other aspects of culture at the world level"<sup>2</sup>.

The expansion of business at the global level as an effect of globalization through the main economic actors - multinational companies, have generated a new approach to social problems, which over time has gained a very high attention and scope, this responsibility called social playing a vital role in detecting the impact that internationalized businesses cause on the workforce, local communities and their economies, generally on the public good.

The theoretical evolution of the concept of social responsibility was linked to the evolution of multinational companies over time, developing different models of perception and assumption of corporate social responsibility.

If initially it was considered that the social responsibility of corporations was only compliance with the rules of the community (Friedman, 1970), the specialized literature extended and conditioned their economic performance to the interaction with other systems. Theories appeared regarding the interest of employees as social benefits of the company (Davis, 1973), the interest of the community (Carrol, 1999), business ethics (Idemudia, 2008), etc.

The literature is not unanimous regarding the process of emergence, assimilation and acceptance, there is also a certain uncertainty in its motivation: "it is unclear whether corporate social responsibility evolved due to the belief of the corporation leaders in the phrase <the good thing to do>, in investments in the viability of long-term business operations, in response to external pressures and social requirements or the desire to prevent the development of future regulations" (Gawel, 2023).

## **DATA ANALYSIS. THEORETICAL AND PRACTICAL FOUNDATION**

Through the prism of scientific research, the place and role of multinational companies as the main vectors for promoting social responsibility are very important in the conditions where globalization represents a contemporary reality of global market opening through the limitations imposed by ecological issues and social morphology.

Due to globalization, multinationals tend to change their conceptions and attitudes regarding the social environment in which the parent company and mainly its subsidiaries operate. Shareholders' decisions are no longer limited to economic aspects, but also revolve around other responsibilities; they tend towards the idea of being responsible citizens and good neighbors of the communities in which the component companies operate. More and more the questions and answers are asked like who is the corporation, because "some argue that a

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<sup>2</sup>,Globalization – Global organization of business". *SetThings.com*. 21 septembrie 2014., consulted in 26.06 2023.

corporation is not a person at all. Others think that a corporation is not only a creature of the law and that it is an association created by mutual consent of the people who compose it" (Ripken, 2009).

The place and role of multinational companies as vectors for the promotion of social responsibility is given by the objectives and strategies adopted by the companies in the short or long term, depending on their interest.

In operational terms, the multinationals have extended the economic objectives with variables that exceed the simple desire to increase profit, considering that an optimization of growth on a sustainable axis is based on integrated programs of corporate social responsibility. New objectives are born that concern the environment, and categories other than shareholders, reevaluating their attitude towards them (employees, consumers, community, investors, etc.).

Starting from these ideas, the role of multinationals in the context of globalization as the main vectors of promoting responsibility worldwide is defined by the following strategies adopted regarding this process:

- International – priority is the activity carried out, characteristic being only territorial expansion, in fact a continuation of the market from the country of origin in the host countries of the branches.
- Multinational – the parent company diversifies its initial portfolio by acquiring or starting new, different and diversified businesses, adapting the activity to the respective region, by capitalizing on the specificity and regional advantage.
- Global – the activity of companies becomes interdependent between the parent company, subsidiaries and the communities where they operate, creating a mutual relationship, a symbiosis between shareholder-company-stakeholder requirements, integrating national and international interests, in a global, complex vision, to ensure the balance between the interests of each party,

Against the background of globalization, the major connotations of the term social responsibility are discussed, detaching some of the underlying meanings of the current trend of socialization of multinational businesses that generated the completion of this phrase in the form of corporate social responsibility, which has as its problematic motive what are or should be the goals of modern companies.

The consistency of corporate social responsibility is given by the need to involve the business environment in the sustainable development of society, in general. Most of the theoretical disciplines, as well as the lessons learned from the errors of practical applications, have contributed to the conventional form in which the notion currently circulates. Reviewing all the sources related to the evolution of the term would not only be difficult, but also unproductive for clarifying the subject. From the multitude of sources, the best presented connection between social responsibility, globalization and multinational companies can be found in the Guide developed by IISD (Hohne, 2007), their role is defined in the context of some factors, among which globalization, ethics and sustainable development are essential.

The concept of corporate social responsibility, in the modern sense, is a new term, originating from the evolution - in a historically unique way - of the government-business environment-society relationship.

In the spirit of these ideas, based on specialized literature, we have identified ten influencing factors on CSR, in the context of which companies, assimilated to citizens, manifest their role regarding social responsibility:

- Lasting development
- Globalization
- Governance
- The impact of the corporate sector
- Communication
- Financial capital

- Ethics
- Consistency and community
- Leadership
- Business tools.

If we interconnect these factors with the relevant aspects published in a guide of the University of Miami, (Mullerat, 2013), several definitions of CSR result:

- involves the identification of interest groups, their needs and their incorporation into the strategies to be followed and the decisions to be taken;
- the company is no longer seen as a source of profit, having a much more developed role and place in society, CSR identifying itself with values related to ethics, transparency, the relationship with employees in accordance with regulatory requirements, and not least, respect for the community;
- the company gets involved and applies policies to protect the environment, a context in which partners are selected, strategies are made and the brand is formed.

Modern CSR applied by multinational companies as vectors of its promotion, bases its existence on three types of arguments, which can constitute defining landmarks, as follows:

**1. Moral arguments:** all social groups in the company must add to the economic gain and a contribution to society because "societies remain to their cultural heritage that grows due to the confluence of religion, morality and traditions. This heritage gives birth to a system of beliefs that define the limits of social and moral behaviors accepted by people and organizations" (Werther, 2006).

**2. Economic arguments:** of course there may be managers who are not convinced of the moral motivation, so the effectiveness of CSR must be invoked through the lens of competitiveness on the market: fiscal facilities, better visibility of the company, the consumer option for socially involved companies, realizing -it is a common interest of the stakeholders.

**3. Rational arguments:** globalization requires RSC to think ahead about social concerns, aiming to reduce business, operational and/or financial limitations.

Through the prism of these arguments, it must be understood that the concern for social responsibility is not only of the authors themselves or the authorities, each company having CSR programs that can offer its own vision of this concept in order to attract consumers. Studies show that consumers are also more willing to purchase products and services of companies that are involved in social responsibility activities.

In this context, the management of companies is also changing, acquiring new values that lead to a corporate governance depending on their way of perceiving the economic, social and political reality.

Current, modern corporate social responsibility takes an increasingly important place in the management strategy of multinationals, becoming an increasingly important concern combining the economic aspects with the ethical and social ones that concern the two categories of stakeholders, internal stakeholders and external stakeholders (Sacconi, 2023).

Naturally, there are also critics who deny the role of multinational companies as the main vectors for promoting social responsibility in the context of globalization.

The opinions are not against efforts to create a better world, with a clean environment and balanced social policies, but on the motivations and the way multinational companies act, supporting the idea that they do it only to promote a good public image, and/ or with the aim of covering up those negative things from their activity. Indeed, there have been cases when multinational companies through well-directed social actions have influenced public opinion or power factors to change or promote legal regulations in their favor.

## CONCLUSIONS

Globalization, as a process of integration of all economies, also implies a rapid integration of societies, resulting in new economic relations and the adaptation of national policies to this process, with the involvement of a multitude of actors, government authorities, mass media, representatives of civil society, associations and organizations and not least the most important multinational companies.

Globalization, through multinational companies and capitals, also has a social dimension, bringing many advantages to a significant number of people around the world, favoring the free movement of labor, the creation of new, well-paid and quality jobs, sometimes in exclusively non-industrialized areas.

As always, there are downsides to globalization, with its benefits being distributed unevenly between areas of the world and within countries and/or regions, often leading to unfavorable outcomes for vulnerable people, employed or unemployed.

As a result of this, the idea was born that the economic advantages of multinational companies due to globalization should be doubled by sustainable social policies, so that this process is sustainable and fair.

The role and place of multinational companies, as actors of globalization and the main vectors for the promotion of social responsibility, is quite well defined, but it will undergo changes as time passes and the major changes that humanity is going through lately. All these concepts do not have a standard definition; the opinions in the specialized literature are sometimes controversial, favorable-unfavorable, reiterating both their pluses and minuses.

What is important to remember is the fact that issues regarding social responsibility remain an unfinished discussion, not having a guarantee that the involvement of multinational companies in social responsibility projects does not constitute an exclusive guarantee of their morality and ethics, not being able to verify the reality behind closed doors.

What we can do is to appreciate the good deeds, to be restrained, circumspect, even critical if there are reasons if they pursue hidden objectives, considering also some examples from the *New black book of branded companies, the intrigues of international concerns* (Werner, Wiss, 2004), which can be always current.

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