

Corporate Social Responsibility (CSR); Attitudes of Foreign Enterprises in Post-Communism Society: Case of Albania

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Abstract

Albania is a post communism country; openness of the market has increased Foreign Direct Investments (FDI) and firms are competing to build an image for themselves as most reliable, effective and honest actors of sustainability and wellbeing. These companies have adopted new customer centered models which automatically made them better off compared to approaches of communism marketers. This study will specifically provide information about the enhancement which occurred after the political changes of 90s in Albanian Marketplace. Based on the survey conducted with banks and telecommunication companies operating in Albania research will estimate the importance of CSR in Albanian Marketplace and the value customers give to sustainability.

Keywords: CSR, Albania, Social responsible, Ethics, Banking sector, Telecommunication sector, Customers.

Introduction

Based on the study of Apostol and Nasi (2013) liberalism and “father” of economic liberalism, Smith (1776) in his famous work “The Wealth of Nations” is presenting the model of distinct roles of economic, social and political actors, which indicated that liberalism perspective is not promoting corporate social responsibility. This view points out that firms are not responsible to go out of their main task of doing business and being responsible to legal issues. On the other side Marxism has put the employees on their focus but not social responsibility outside their operating environment. One of the most important approaches of our century related to Capitalism, Socialism & Democracy is Schumpeter (1942), who predicts that capitalism will be diminished through years, introducing us with the new concept “creative destruction”, which is the free market’s messy way of delivering progress. According to this theory, capitalism is not for the overall higher welfare, as it leads economy toward loss of jobs, ruins companies and causes vanishing industries by the economic growth that happens in capitalism. Schumpeter

term indicates that in every gain there is pain; creating new industries from innovation and entrepreneurship which are the main pillars of capitalism cause some preexisting orders to be destroyed. This can be related with CSR as the Schumpeter critics the capitalism for “creative destruction” it seems like they are doing some advantageousness to the population while working with ethics but on the other side capitalism is destroying preexisting conditions of life.

CSR from numerous researchers is considered as relatively new issue emerged in 20th century and flourished in the nineties. Williams (2003) considers the main implication of the enhanced social responsibility the enormous improvement in technology, rapid industrial growth which were effecting environment negatively. Environmental issues from local problems were becoming more and more global issues of healthy life which could not be ignored and caused need for protection with sustainable strategies of operating. Apostol and Nasi (2013) consider that commercial companies took this as an opportunity to change the perception toward customer centered strategy and found a very positively related relationship of CSR with stakeholder’s satisfaction.

Stakeholders both external and internal are the main reason of increased impact of CSR at a highly considerable level. CSR has become as a main obligation that businesses in today’s world have toward the effected actors in the environment that they operate. The changing world

because of globalization, enhanced technology and increased needs of society have stimulated response from informed customers who demand transparency, more information about the products, conditions of the labor in the enterprise and push companies slightly toward CSR. Colle, Henriques and Sarasvathy (2014) have defined CSR as the main driver of having a better social, ethical and environmental conditions based on the standards accepted by the majority in international society and which help to build and design sustainable future in the world. (Cheung, Tan, Ahn and Zhang (2010) have considered CSR as the management of potential conflicts of interest between different stakeholders with respect to economic, environmental, social and ethical issues. For the firm, CSR is about its relationship with relevant stakeholders. Based on the information gathered from different authors who have worked and have made research on this issue, this paper will evaluate the significance of CSR in a country like Albania which is a Post Communism country and have lived a transmission from a closed economy to open market.

Study is conducted based on interviews with all banks and telecommunication companies that operate in Albania in order to reach the aim of understanding the foreign firm attitudes toward customers, who have been in a system of closed economy before less than 20 years and have the roots of communism ideas still in their perceptions. Sectors chosen are banking and telecommunication as the majority of these industries is composed of non Albanian investments, which are performing CSR in accordance with worldwide standards of being socially, environmentally and legally responsible.

Albanian society is widely reflecting that “West” is the best example that we have to go through. The main reason that people have acquired and demanded indirectly firms operating in Albania to be socially responsible and sustainable is because of the informed customers from their “best” example of West have become the main critics of the companies. And companies to retain the relationship with the main stakeholder, customers, are more and more trying to focus to behave and operate with respect to economic, environmental, ethical and social issues.

1. Literature Review

In a range of studies done for CSR across world, majority of them are considering as a very important issue and highly reliable and valuable for sustainable continuation of functioning in respective sectors that organizations operate.

In the globalized and fast changing environment that businesses are operating nowadays, image and word of mouth is very significant in order to increase the value toward the brand in the conception of targeted people of the company. So enterprises are working very carefully to win the loyalty of customers and make them feel that “they care” about the environment and social issues related to them.

Hanke and Stark (2009) in their paper have argued about the conceptual framework of CSR comparing it with business strategies and considering its unique important in image building. Conceptual framework is differently interpreted in accordance with the operating system of the companies but based on social rules and legislation. CSR has become one of the most important strategies for building the best possible perception in customer’s mind, by following needs and demands from potential of actual customers. Authors consider the conceptual framework as a very significant issue to be interrelated in strategy building and for arrangement of organizational behavior while constructing CSR strategies.

The contradiction of Marxism theory and business ethics was the root of the paper that Shaw (2009) have written. Marxism theories are against business ethics presented two cases that support the theory: first business cannot be ethical as their behaviors are considered greedy and unethical and secondly ethics is destructive and irrelevant for systematic vices of capitalism. But Shaw (2009) argues that contrary to that Marxism theories could be very good related to business ethics as Marx's theories are hopes toward a better society and author considers CSR as the best choice. Author considers that managers should have far more beyond aims than increasing their profits; moral and social obligations are necessities for well functioning. Businesses should fulfill three main aims; fiduciary duty, responsibilities for shareholders and maximize their profit. The relation between three aims makes the business to work better and Marxism should not have objection and business ethics cannot be considered as irrelevant or impossible.

A similar study to this research work was done by Scholtens (2009), who has investigated a group of 32 large international banks from North America, the Pacific and Europe and have compared and analyzed their CSR, based the analyze on the performance of those international bank with regard to reporting processes, adapting international codes and the usage of certified management system and other factors which effect the sustainable development and social responsibility. The banks were assessed based on the information available publicly, taking into consideration the transparency and CSR of these banks in the same time as being opened to public is important part of these issues. After scoring 32 banks authors report that Netherlands, Germany, France and UK banks are highly more Corporate responsible than others. In contrast Sweden, Italy and Japan had the lowest coefficient of responsibility toward their stakeholders. Another important finding from this paper is that Dutch Rabobank has the highest CSR score and the lowest are 2 banks from Scandinavia. Significance in relation of financial quality and size with CSR was observed. Furthermore paper emphasizes the importance that CSR has in international banking sector and the effect on better image of the company in the public. Paper also indicates that further studies should be done for emerging markets banking sector in order to find out the real drivers of CSR performance.

Campbell (2007) indicates that economic conditions are significant factor to affect the probability that corporate act socially responsible. Enterprises are considered more socially responsible if they are more faced with state regulations and other industry rules. Also important factor that increases CSR are membership in independent NGO's and other associations that support employees and environmental rules. Based on the research of Campbell (2014), three

main concluding remarks were discussed: firstly globalization and fast moving enhancement toward neo liberalism approaches of business management have made companies to shift toward strategies of being socially responsible and take into consideration not only shareholders and profits but also all stakeholders of the company, secondly paper gives special emphases to the fact that being socially responsible is not a must because of the globalization pressure but it is a advantage toward higher economic performance of company. And the last remark is related to convincing of managers to behave socially responsible because is the right thing to be done and is in their interest.

A study done in Kenya for CSR perception and development was made by Muthuri and Gilbert (2010) emphasizing that in this country CSR is part of hierarchical pyramid of priorities in companies. CSR is highly valued as philanthropic responsibilities as second most important after profit maximizing aim. Author in the paper indicates that CSR in this culture is affected by cultural pressure of the country. African societies are considered as strong community mentality so the CSR is installed in the strategies of companies as cultural and normative indirect pressure is manifested toward companies. Majority of the firms that are having strong CSR policies are international firms that are in continual boosting from civil society organization and governmental bodies of Kenya. In conclusion the paper claims that the main reason of CSR existence in Kenya is the driven force form social and cultural normal of philanthropist. Still CSR is in process of establishing a significant theory which would be widely accepted, now companies are trying to collaborate and learn from each other in order to find the best practice. Lack of a uniform pattern for CSR in Kenya raises the need to strengthen and develop new strategies for reaching mutual benefit for both societies and businesses.

Cheunge at al. (2009) in his paper, which is considered as a very significant paper has researched the CSR inquiry in Asian Emerging Countries which have made a very huge transmission in all industries and are highly valued for their immediate development. Research is done from, indicating that CSR performance have had impressive progress in all Asian Emerging Countries except of Malaysia. CSR and market enhancement show a positive result based this study. CSR has had a slow start in this part of the world and is still not percept right from investors. Still shareholders of the main companies in these countries do not consider social responsibility as one of their main objectives toward improvement and enhancement. Majority of businesses make their strategies based on short term plans of profit maximizing and are not educated to have sustainable growth and commitment to society. Results of the paper show optimistic view as they indicate that the awareness of the firms in last year for the importance

of CSR has had an increasing trend. So there is room for development in the perception of whole population and businesses about significance of being social responsible in accordance with profit maximization.

2. Conceptual Framework of CSR

Albania as many of the countries in the world has passed through drastic political and economic changes. In 1990s the whole system of communism collapsed and from closed economy Albania was intending to open the market toward changes. From those years till now significant changes are observed not only in the economy but in all areas of social and political.

Another important change in Albanian marketplace is occurring in last year's; globalization is happening very fast and social changes are impressively changing economic, social and political perception of population in every corner of the globe. One of the major shifts that is happening, is the change of working manner from national toward international point of view. All these have also their consequences and obstacles that should be overcome, most challenged groups are government, civil society and businesses that require changing attitudes.

The concept of CSR

Giddens (1990) considers that corporate social responsibility (CSR) a new concept of social responsibility by which companies should consider themselves as part of the community and act like citizens. Waddock (2004) argues that CSR drivers can vary, being based on narrow or broad margin. Meaning that companies are relating their operations based on responsibility toward their narrow community or the community as a whole.

The development of CSR has underpinned development and has been divided in some components, the main components considered based on the study of Windsor (2006) are: ethical responsibility theory, economic responsibility theory and corporate citizenship conceptions. From which approach it could be concluded that enterprises are considering social responsibility as ethical as they are responding to society as it is their ethical responsibility, also important assumption is economic responsibility toward stakeholders in order to continue being profitable and as they are considered as judicial people in state law they should act as citizens of the countries where they operate and should be responsible to advantages that they are using from the environment.

Another important implication in determining the main role and concept of CSR is expressed from Cheung et al. (2009) in its work related to CSR in Asian Emerging Markets, who indicates that CSR is the main issue attracting attention in the whole business world, considering CSR as the key point in management of the relationship of firm with stakeholders, with respect to economic interests, environmental, social and ethical issues.

CSR is the new emerging concept of the last centuries which is closely related with the decentralized management and open economies. As in the history it was not a notion used and behavior that firms were considering. Because of continuous globalization and change of the focus from profit maximization toward best image in customers mind and customer satisfaction, firms have started to change their strategies by including social responsibility in all organizational strategies and they have increased acting with responsibility toward main actors of society and environment of operating, which are also the most important actors of progress in the profits. As consequence it can be mentioned that even though their operations and performances include social responsibility they do it in order to be more profitable and increase their brands image.

Margolis and Walsh (2001) in their study indicate that there are two viewpoints toward CSR; it can be the main potential of increasing the profitability by strengthening the firms brand name which leads to enhance of financial performance and on the other hand it can decrease the profitability as the environmental social standards can have high costs that translates in lower profitability.

Hanke and Stark (2009) consider that CSR is as important as the organizations strategy and it should be part of it. The uniqueness of companies is closely related to the organizational strategy and their approaches to the customers which indicate that developing a unique strategy for being social responsible is integral part of the overall strategy.

CSR perception in capitalist society

Last decades, after the World War II, fall of communism in some countries and the end of the command economy the focus switched to some different areas which made the capitalist market more attractive in the eye of customer. Social Responsibility of Businesses have become as a new science which is continually evolving and is being subject of discussions, theories and researches. The concept of CSR has become popular in Albanian society; academicians are continually researching for theoretical foundations and also managers and businessmen'

are working to put the ideas in reality. CSR perception from companies view has been a subject of discussion in many debates. Every day we observe in newspapers, magazines, TV news that businesses support sport events, donate money, care about environmental causes, trainings for entrepreneurship, sponsorships for different event which are not related to the operation area of the firms. In fact all these represent the efforts of businesses to the environment that they operate and are closely related to presentation of their image. Conrad (2009) considers environmental protection comes from businesses because of their continual grow in importance in the global changes and their potential to effect individuals and environments where they operate.

Carroll and Shabana (2010) consider CSR as a product of 1960s after World War II period when the huge change of the market happened. In their research they have identified 37 different definitions and still consider the number underestimated as they consider that CSR is defined and interpreted from the practitioners in many different ways. Maignan and Ferrell (2003) have put the light on the Carroll (1979) integrated conceptualization from many definitions in order to classify the types of responsibilities; economic responsibility related to offering to society the desired products, legal responsibilities related to being within the framework of countries laws, ethical responsibilities related to conducting activities that are morally right, and last but not least philanthropic responsibilities which related to being beyond economic, legal and ethical responsibilities, companies should be involved in enhancement of the overall society.

CSR is a concept that has been formulated and is best implemented in the countries that have achieved the maturity in economic, social and political aspects. The model of CSR has passed to developing countries like Albania from developed countries which can cause a problem for implementation of these procedures. This phenomenon was studied by Szczerki (2003) naming it as asymmetry of rationality, which means rational procedures and institutions that were developed for markets of different scale and different historical circumstances are imposed on the post-communist countries. This phenomenon according to the author can cause increase in poverty and even irregularities in the social aspects. Contrary to some other programs that have caused this kind of problems in post communism societies, CSR is more promoted by European Union but companies operating in Albania should consider the economic and social differences of Albania with Western countries before applying CSR, a model based on economic, social, historical and cultural factors should be implemented in order to be efficient.

The focus on CSR by European Commission has started in July 2001 as from the publication of the Green Paper “Promoting a European Framework for the Corporate Social Responsibility”. Eberhard-Harribey (2006) in the research for the CSR issue has questioned the emergence of CSR as a paradigm of the European referential in term of public policy. Concluding that theoretical founders of CSR seem to be inspired by North American school of business ethics. Also another important implication is that CSR not only is a specific policy for community but is an element of transversal policy of three important point “CSR-sustainable development- governance” which are the main pillars of regulations that European Commission promotes.

CSR perception in post communist society

The main purpose of this paper is to find out the formulation and implementation of CSR policies in countries that have passed communism and are still in the phase of economic, political and social transformation and development. Albania is a post communism country, for 45 year is was under command economy and economic operations and business ethics were conceptualized differently than now that it is a democratic republic. As no citizen had the privilege to have private property and all the rules and regulation were driven from the state corporate social responsibility and business ethics were not the main concerns.

After World War II Albania became a communism country part of communist bloc, countries which were highly influenced by Soviet Union especially in the period after WWII and 1990's. During 45 years of communism Albania was a closed economy totally controlled by government. In early 1990's the regime broke down and Albania had the first steps toward open economy, till now Albania has had continual slow growth but still remains one of the poorest countries in Europe.

CSR is product of European Commission in order to promote sustainability and responsibility toward interest groups, which has become an essential part of businesses after they have achieved a certain stage of consolidation in development of their profits and it was firstly implemented by Western developed countries. As any other policy also CSR should be adopted and implemented in accordance with the economic, social and cultural factor of respective countries. The conditions of Albania will be presented below, which indicate that even though the political and economical transformations of Albania, foreign firms and foreign direct investments (FDI) in Albania have changed the climate of doing business and the way of doing

business. CSR in majority of the cases in Albanian market is considered as an important issue in order to be competitive in the market. Based on the research of Lewicka-Strzalecka (2006) for the Polish case, which similarly to Albania has passed through the stage of communism, the obstacles for CSR to be considered in post-communism society are; image of business, rule of law, corruption, job market situation, socialist associations and the CSR rhetoric, blurred boundaries of CSR, under development of civic society and economic reality and ethical standards.

Based on Transition Report (2014) published by European Bank for Reconstruction and Development (EBRD), the above mentioned obstacles can be related to Albanian case. In Albania all the private owned enterprises are highly valuing the profit maximization which raises the problem of operating ethically. This also affects the trustfulness of Albanians toward private enterprises. Lleshaj & Cela (2015) by a survey conducted with 1200 Albanians have founded that the trust on private and public enterprises is very low in our country, and still people have not been totally free from communist perception, that state should provide services to citizens, more than 60% think that justice, education, health care, infrastructure, electricity, water supply, post offices, housing, jobs should be provided by state and not by private enterprises. . Also in their study they have founded that 73% of the respondents think that judicial institutions do not deliver justice which means that they do not believe that rule of law works properly which directly is related to other questioned of high corruption as more than 60% believe that political ties and bribes are the only way to get justice in Albania. Related to unemployment recently INSTAT (2015) have published the results for the fourth quarter of 2014, unemployment rate for age group 15-64 is 18% which is increased from the last year which was at 17.7%. These difficulties that Albanian economy is passing through does not sent us to the conclusion that CSR is not applicable in the country, in Transition Report (2014) is indicated that government is pushing business environment reforms, in order to increase the FDI's as they are the major player of CSR implementations. Government has established a National Economic Council, in order to promote investment and growth. In Doing Business 2015 report, Albania climbed 40 positions, ranked as 68th from 189 countries.

Strategic approaches of CSR in multinational enterprises

Even though the economic and social limitations mentioned above, the idea of implementing CSR in Albania has been gaining importance and is promoted more and more. Albanian businesses are aware of external forces that should be taken into consideration in order to

be efficient. Ethical standards and responsibility toward all interest groups are integral part of doing business in competitive world market. CSR is mainly promoted by foreign companies, which implement the practices that they mother companies have proved to be efficient in different countries that they operate.

In March 2013, The Albanian CSR Network was founded. It is a nonprofit organization leaded by businesses; Antea, AMC, Bankers, BKT, Boga & Associates, INTRACOM, Kalo & Associates, ProCredit Bank and Vodafone. The main focus of the organization is on CSR and peer-to-peer learning of businesses. Similar networks exist in many countries in EU; it was founded as a response to the need for companies to integrate CSR into their practices and to promote CSR in Albania. The main mission is promoting the importance of CSR to business community and social environment with the future view of having sustainable practices of businesses.

In the Albanian CSR Network (2013) it was indicated that the future growth is likely to be focused on exports and foreign investments, both of these are closely related to CSR, which is a component of sustainable competitiveness. Taking into consideration also the Albanian vision of being European Union member state, promotion and implementation of CSR standards is important. As being part of the union means the liberalization of market and higher competition sustainable way of doing business becomes an integral part of operating.

Government of Albania leaded by Ministry of Economy, Trade and Entrepreneurship and continual support of UNDP, have formulated a plan for CSR 2011-2014. (National Action Plan on CSR 2011-2013). The main focuses of this plan are; promoting sustainable competitiveness, creating social value for long term prosperity and welfare of Albanian citizens and protecting the environment for future generations.

“The mission of the government of Albania, through an ongoing open and inclusive dialogue with all stakeholders, is to create the best possible enabling environment for the adoption of CSR practices in companies operating in Albania” (ACSRN, 2013).

In Albanian market the sectors that are mostly owned by foreign enterprises are telecommunication companies and banks, which are considered the main actors implementing CSR for the first time in Albania. Vodafone, Altelecom and Eagle Mobile, AMC, Intesa San Paolo Bank, ProCredit Bank, Raiffeisen Bank, BKT etc. are some of major implementers of CSR in Albanian marketplace.

3. Data Analysis

Data for the paper were collected with questioner filled by the companies itself. One of the main limitations of the whole paper working process was collection of data from the telecommunication and banking companies. In Albania the culture of fulfilling questioners is still not adapted properly, maybe the responsible people for CSR (in this case) are afraid to give information as they may be judged by their managers, as in majority of cases they are keeping information to confidential and the transparency to public is very low.

In Albanian market in Telecommunication and Banking sector in total operate 20 companies. All the companies were contacted by email several times and only 12 responses were received. The main limitations which may cause bias in the overall results of the study are the other 8 companies, who may have different perceptions, actions and policies for CSR implementation in their companies.

From 12 respondents', 3 are telecommunication companies which means that only one telecommunication company did not give response and 9 are from banking sector, which means that 7 other banks operating in Albania did not give response to the questionnaire.

Reliability of the data is based on the truthfulness of the people that have filled in the questionnaire. People that have filled in are employees of the institutions that work in the Departments responsible to conduct CSR activities or part of Marketing and Public Relations Departments, if the companies did not have a specific department responsible for CSR.

Survey Modeling

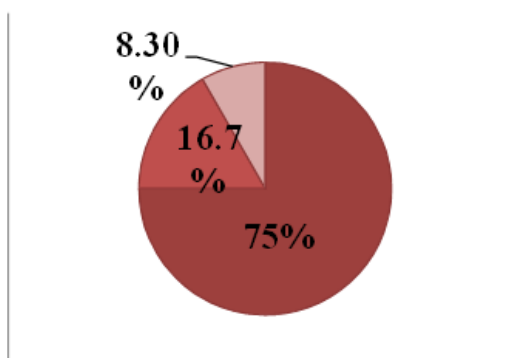
Survey consists of 20 questions relating all segments of the company; management, strategic viewpoint and promotion of CSR culture to employees. The answers of the question will the main points to present in the best way the culture and implementation of CSR in the companies. Particular information that the answers will highlight are supported in the literature as the focuses toward giving the picture of CSR in these companies. The main points are;

- Board Committee existence, its role,
- existence of ethics in the company,
- money they use for performing CSR actions,
- companies way of promoting CSR as a pillar in the culture of the organization,
- what these organization value as CSR actions and how to they conduct these actions,
- are they transparent toward the public for all the events that they organize or take place in support to society
- are the standards of CSR based on International Standards.

CSR in banking sector and telecommunication, Results of the Survey

The results of the survey showed that all respondents had more than 100 employees, which are considered big companies in Albanian marketplace.

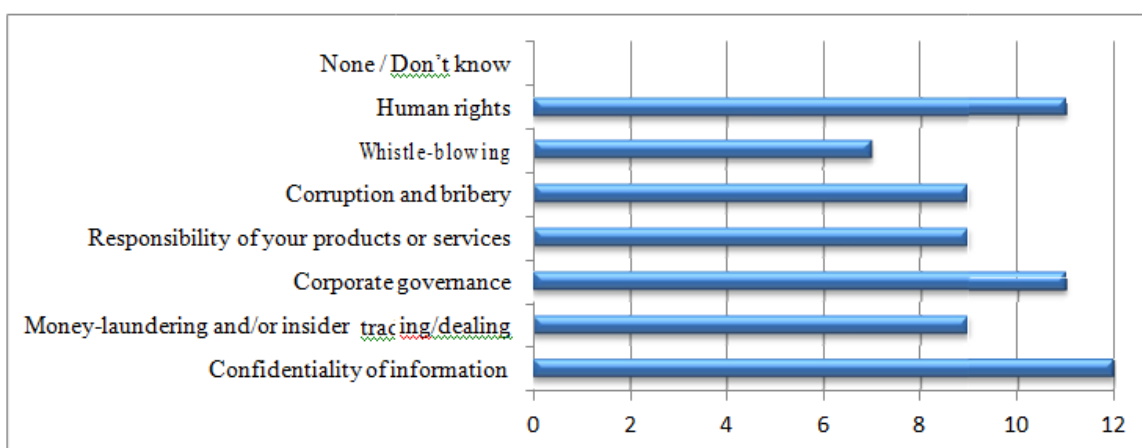
Boards of Committees’ are mandated to carry out specific functions, projects or programs assigned by the main board of the organizations. From the sample chosen in the above mentioned sectors 75% of the companies operating in Albania have a Board of Committee, in function of CSR, sustainable development and corporate citizenship.



Board of committee exist for the function of corporate social responsibility/ sustainable development/corporate citizenship	9	75%
Board of committee does not exist	2	16.70%
Not Applicable	1	8.30%

Figure 1: Board of Committee existence

A very important issue to place when discussing for CSR, is Code of Ethics existence in a company. Code of Ethics places interest of customers and the integrity in the professionalism above company's interests. Acting with integrity, competence and respect are the main pillars of being integrated company. In the questioner companies were asked to place the main issues that Code of Ethics in their institution have. The most frequently answered issue are; confidentiality of information being the base toward building a relation with customers, it was answer of all the respondents (12/12), and also corporate governance and human rights answered from (11/12). According to the results it can be observed that mainly companies are very careful in having a Code of Ethics which is in line with international standards and focuses on customer relations, human rights and good governance.



Confidentiality of information	12	100%
Money-laundering and/or insider	9	75%
Corporate governance	11	
Responsibility of your products or services	9	75%
Corruption and bribery	9	75%
Whistle-blowing	7	
Human rights	11	
None / Don't know	0	0%

Figure 2: Code of Ethics

Code of Ethics existence is not the main important point to be in line with international standards of operating, the implementation and monitoring of the actions of people in the company is more delicate issue. Companies in international level have specific monitoring bodies for Code of Ethics implementation in practice. Also from the respondents the majority of companies say that the monitoring bodies exist and are active in their auditing.

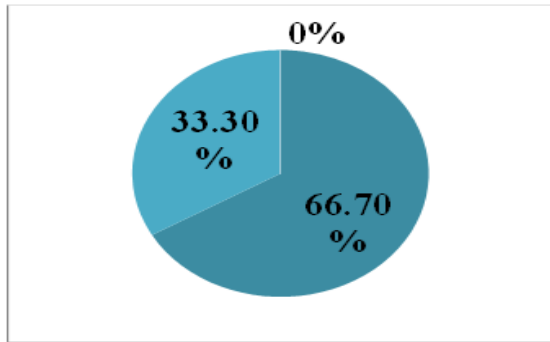


Figure 3: Code of Ethics monitoring body existence

In out institution there exists a monitoring mechanism for implementation of a code of ethics /code of conduct	8	66.70%
Does not Exist	4	33.30%
Other	0	0%

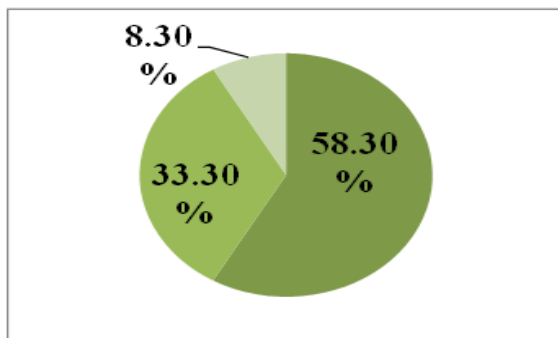
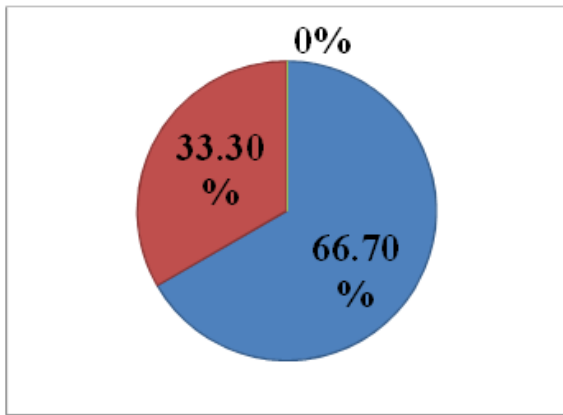


Figure 4: Company trainings to employees

Company provide training to employees on dishonesty, corruption or unethical behavior	7	58.30%
Company does not do trainings to the employees	4	33.30%
Other	1	8.30%

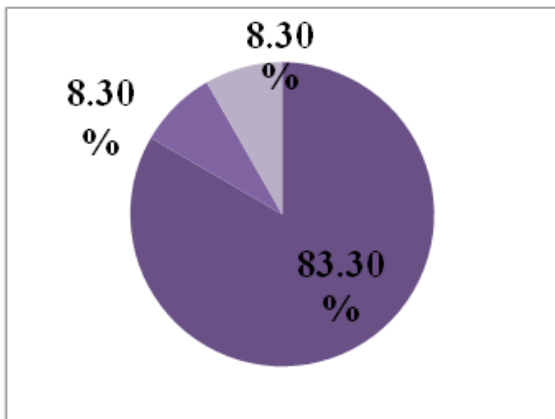
Companies should be careful in the relation with their employees as they are the main advocates of the institution and the first contact of customers with them. Training of the employees and implementation of those actions by them related to dishonesty, corruption and unethical behavior put the institutions image one step further in the eye of the customer. Results of the survey explain that majority (7/12) respondent have these practice in their company, also having honest, not corrupted employees who act ethically will for sure affect on the performance of the company. Profit maximization is not the only aim of the companies in globalized world, as the competition gets higher the companies that remain in the marketplace are the ones that succeed to present a brand image in the public. Globalization has wiped out the boards between nation countries. All the trends and organization managing, operating styles are interrelated and exchanged between companies all over the world. That's why agreements and organization concerning environmental and social issues are international and the participation is from institutions from the entire world.

From the respondents 8 of 12 have answered that their institutions are part of Global Impact, Global Reporting Initiatives, Equator Principles etc. which are voluntary initiatives for being social responsible to earth.



Our company is part of one of them; Global Compact, Global Reporting Initiative, and Equator Principles, Ethical Trading Initiative or other national/international agreements related to environmental or social responsibility	8	66.70 %
No our company is not part of these international initiatives	4	33.30 %
Other	0	0%

Figure 5: Support of CSR voluntary initiatives



Company PUBLICLY report on CSR/sustainability performance	10	83.30%
No company does not publicly report for CSR	1	8.30%
Other	1	8.30%

Figure 6: CSR reports

Transparency is one of crucial points in having a brand image in public, to customers and society. Legal and Ethical obligation of the companies is to have annual reports for their governance, operations, financial position but lastly CSR is being a component of these annual reports. Some of the companies publish special reports related to CSR and sustainable development and some other incorporate it in their annual reports. In the survey 10 of 12 companies have reports on CSR annually. And only 1 of them is confessing that they do not do any reports related to CSR. CSR report includes, Sustainability Report, Corporate Citizenship Report, Triple Bottom Line Report, Stakeholder Engagement Report, or any other similar type of reporting (See Figure 6).

Another point asked in the survey was the if risk assessment exercises are undertaken from the companies with respect to country’s labor, human rights violations and environmental concerns. 9 out of 12 companies said that they have undertaken these exercises (See Figure 7).

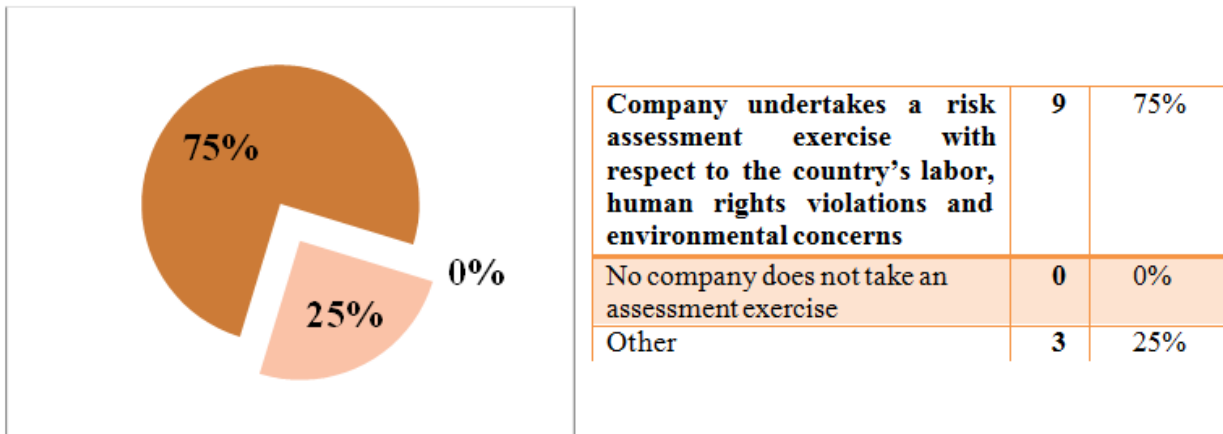


Figure 7: Risk Assessment Exercises

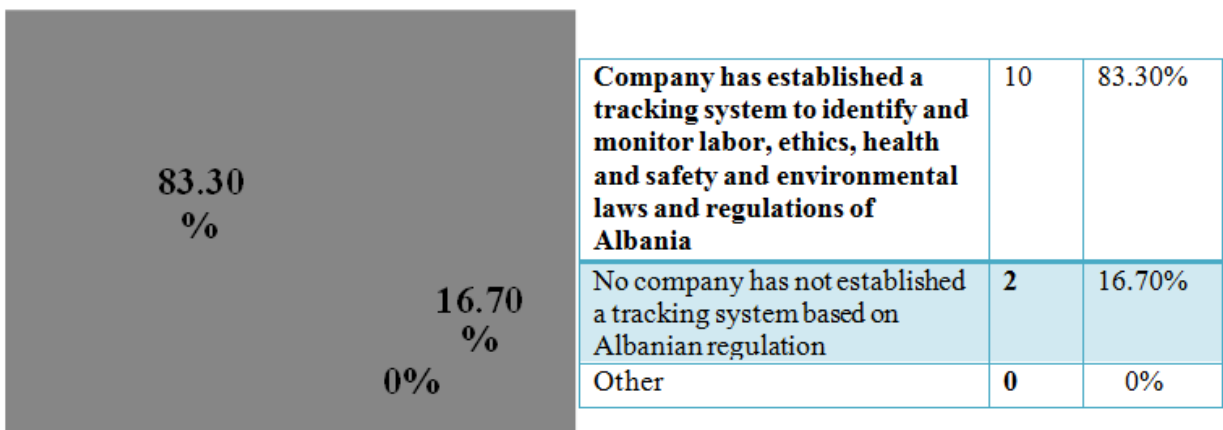


Figure 8: Tracking system existence based on Albanian regulation

Companies operating in telecommunication and banking sector in Albania in majority are foreign firms. From telecommunication 3 of 4 companies in the marketplace are in majority owned by foreigners and in banking sector from 16 banks operating in the marketplace 14 are whole owned by foreigners. This means that their regulations and operations are based on mother companies’ way of operating. But very important point in operating in a country is to be in coherence with rules, regulations and laws of the government. The survey tried to answer whether these institutions have a tracking system to identify and implement the labor, ethical, health and safety and environmental laws and regulations of Albania. 10 of 12 respondents have said that they are basing their operations on laws and regulations of Albania. (See Figure 8)

Within the company employees are given the responsibility to manage many CSR activities according to the answers of the respondents. The responsibility for social and community uses in

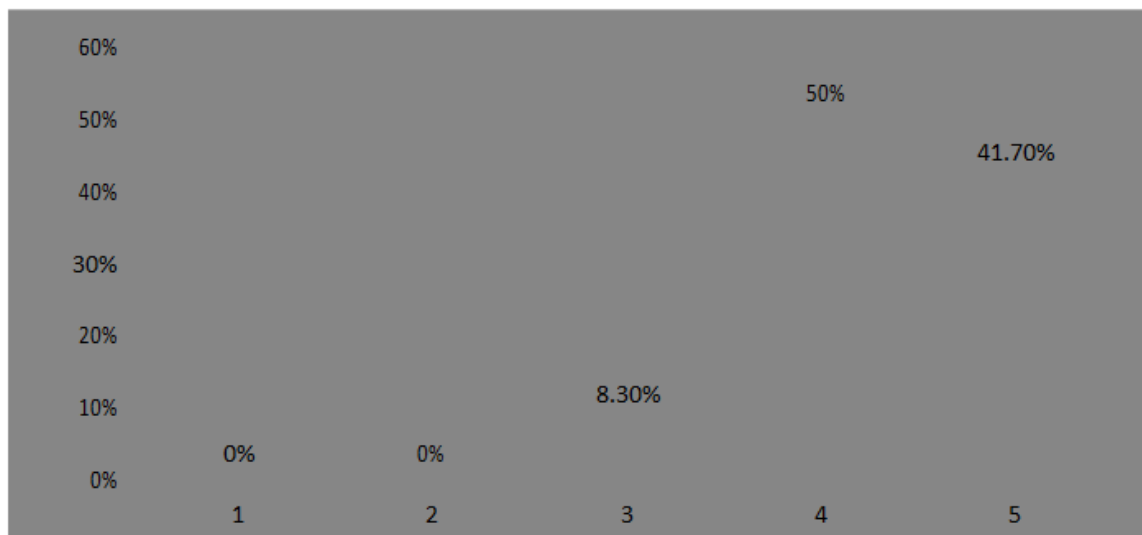
all companies that have given response is given to employees. Also health and safety issues and employee welfare and development issues are managed by employees themselves in 11 of 12 companies. The least of the list only 6 of 12 companies is giving the responsibility to manage to employees the supply chain practices (See Figure 9).



Environmental issues	10	83.30%
Health and safety issues	11	91.70%
Employee welfare and development	11	91.70%
Social and community issues	12	100%
Conduct within supply chains/ procurement practices	6	50%
Product responsibility	8	66.70%
None of the above	0	0%
Other	0	0%

Figure 9: Employees managed CSR activities

The graph below shows the contribution of the firm in raising the awareness within the company related to training and awareness of programs, internal communication, managing briefings etc. In general 50% of the companies are considering the awareness as scale of 4 out of 5.



1-No raise in awareness	0	0%
2-Low raise in awareness	0	0%
3-Middle raise in awareness	1	8.3%
4-Relatively high raise in awareness	6	50%
5- High raise in awareness	5	41.7%

Figure 10: Scaling of raising awareness within the companies

Issues like Training and awareness programs within the company in relation to CSR, 83% of the respondents consider that companies raise awareness for it. 100% of the respondents answered that company raises awareness for internal communication. And 91.7% consider that company raises awareness for management briefings.

Part of being socially responsible in organizations of this globalized marketplace, is considering interests, opinions and including in decision making all stakeholders. Based on our survey companies have answered as being highly cooperative with their stakeholders as 11 of 12 companies are taking into consideration of customers and shareholders or investors for corporate strategy. 7 of 12 companies are also considering opinions of national and local governments and civil society groups. 6 of 12 are taking into consideration also opinions of environmentalists and media and some are considering even opinions of trade associations or international nonprofit organizations (See Figure 11).

Consumers	11	91.70%
Shareholders or investors	11	91.70%
Local government	7	58.30%
National government	7	58.30%

Competitors	7	58.30%
Trade associations	4	33.30%
Environmentalists	6	50%
Media	6	50%
Local charity /nonprofit/ civil society groups	7	58.30%
International charities / nonprofit/ civil society groups	3	25%
Other	0	0%

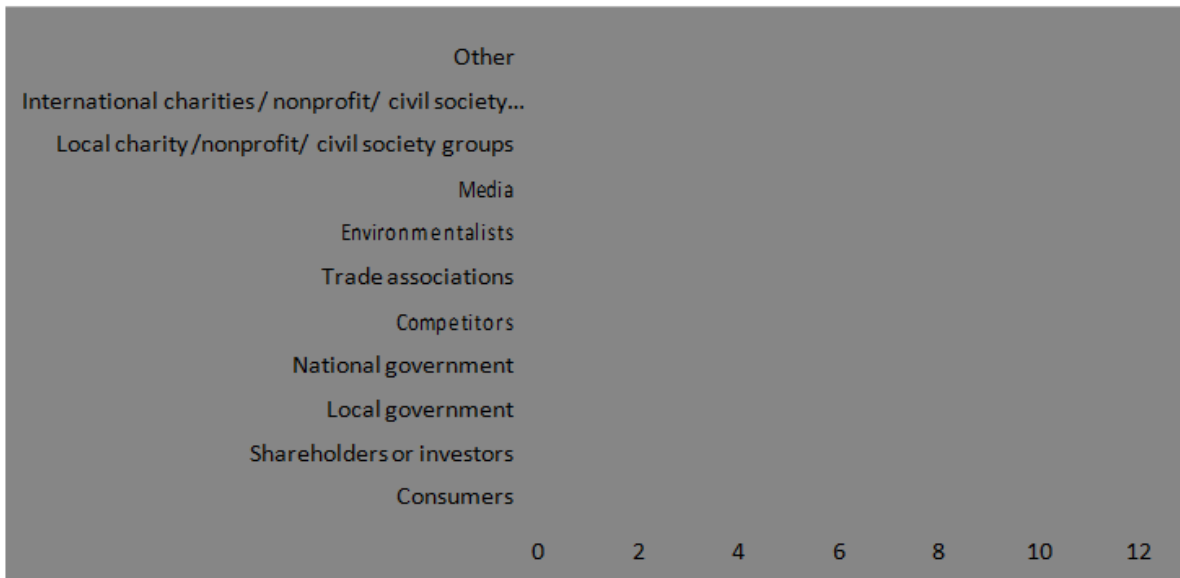
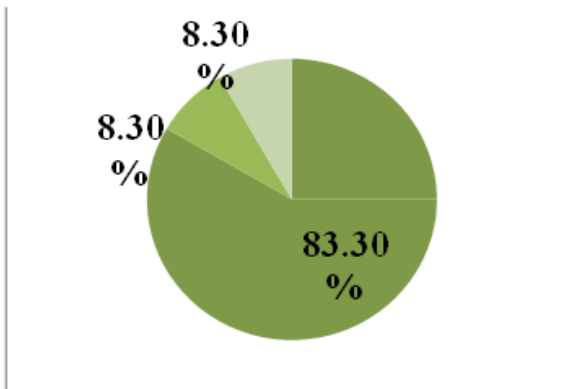


Figure 11: Stakeholder groups participation in corporate strategy



Company has a health and safety management system in place (like e.g. ISO 18001)	10	83.30%
No do not provide	1	8.30%
Other	1	8.30%

Figure 12: Information for health and safety management

Companies should be careful for health and safety of their employees. In the survey except of 1 answer that they do not have any system in place, 11 other respondents said that they have a health and safety management system (See Figure 12).

Companies to have a well managed CSR should also provide trainings, counseling or prevention programs for education and health their employees, families and community members. Respondents have answered in majority positively to the question whether their company practices these trainings. 9 of 12 have responded positively and 3 of these companies do not provide education and health trainings (See Figure 13).

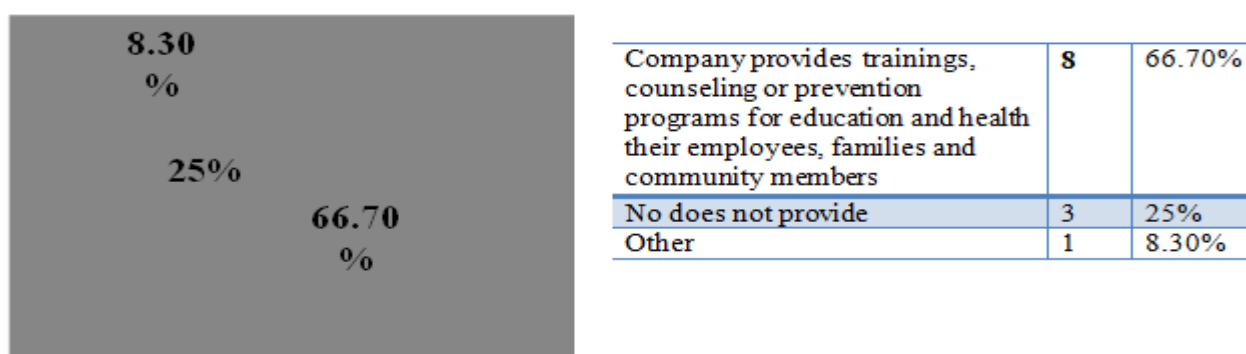
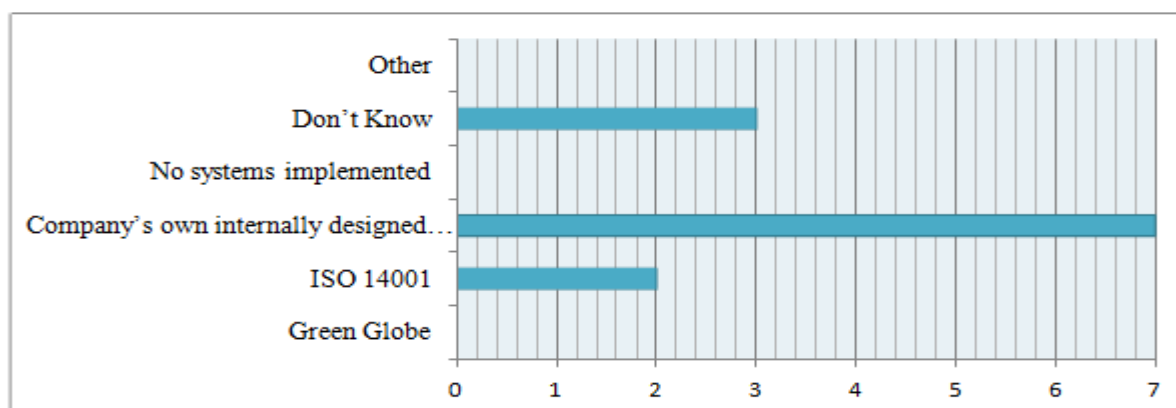


Figure 13: Information for trainings offering for health and education by companies



Green Globe	0	0%
ISO 14001	2	16.70%
Company's own internally designed environmental management system	7	58.30%
No systems implemented	0	0%
Don't Know	3	25%
Other	0	0%

Figure 14: Environment System Management

Sustainable development can be seen as one of the main issues in globalization and economic, social and political development in the world. In order to have a sustained world, we should care about our resources so next generations will be able to have enough sources for living. Environmental issues and management of environmental protection has been part of Millennium Development Goals (MDG's).

Nowadays the main system management of environment is ISO 14001, but there are also other independent management systems that companies use in different countries and regions. In Albania the sectors included in this study answered to this question, expressing that the majority of them have their own internally designed environmental management system (7 of 12), 2 of them use ISO 14001 (See Figure 14).

Another contribution to protection of environment that companies do is providing business services or goods that do not effect negatively environment. Example providing new products with lower emissions and energy usage, adapting services related to climate change mitigation etc. 9 out of 12 firms responded this question positively, saying that they provide business services to achieve better environmental outcomes (See Figure 15)

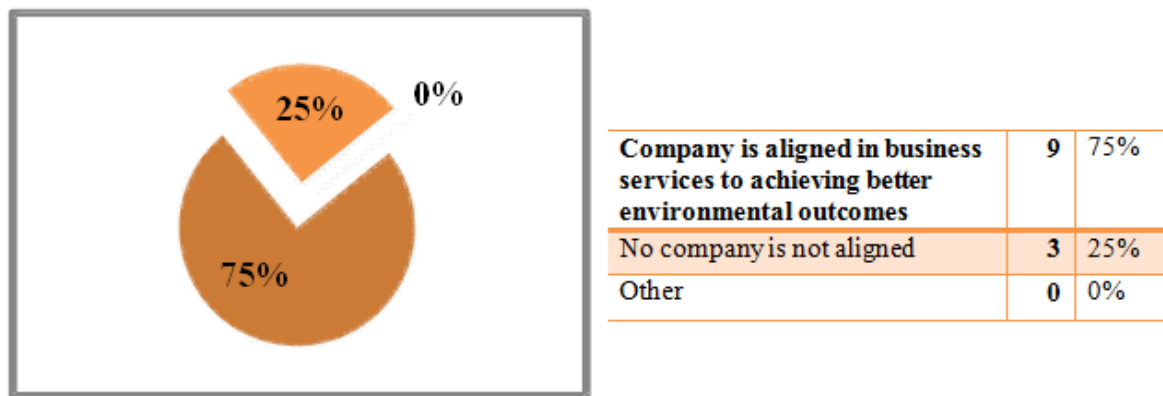


Figure 15: Company alignment in business services for better environmental outcomes

From respondents it can be understood that companies that have filled this survey are aligned in business services related to better environmental outcomes but are not aligned in community investment initiatives to National Development Goals of Internationally recognized goals or initiatives like UN Millennium Development Goals. 10 of 12 companies have answered negatively to the question whether they take place in these initiatives (See Figure 16).

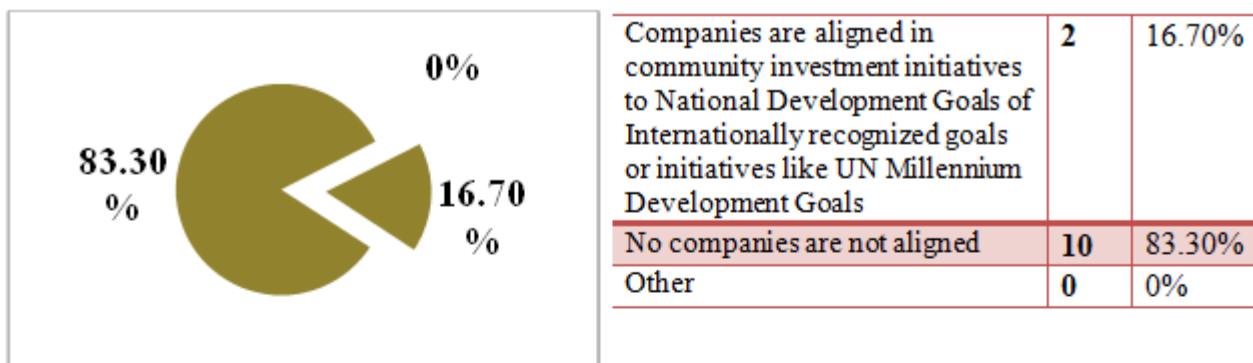
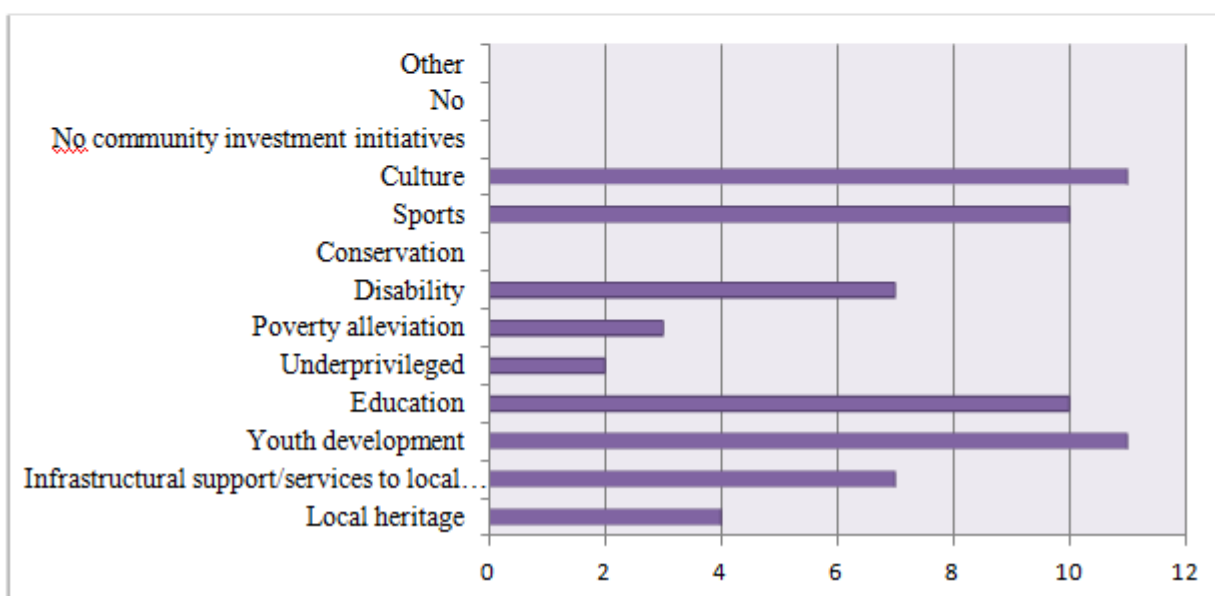


Figure 16: Company alignment in initiatives related to MDG's and other development goals



Local heritage	4	33.30%
Infrastructural support/services to local communities	7	58.30%
Youth development	11	91.70%
Education	10	83.30%
Underprivileged	2	16.70%
Poverty alleviation	3	25%
Disability	7	58.30%
Conservation	0	0%
Sports	10	83.30%
Culture	11	91.70%
No community investment initiatives	0	0%
No	0	0%
Other	0	0%

Figure 17: Company investments for society development

In order to be socially responsible to the whole society companies have to invest in different areas in the country for development of well being. Our sample companies have responded to

the survey very positively toward this issue, as they consider to have been investing in Albania from the beginning of their operating in the country. 11 of 12 companies say that they have invested in youth development and culture ranking it the first in the list of areas of community investment by companies. 10 of 12 companies have invested also in sports and education, these areas are followed with infrastructure support and disability with 7 of 12 responded saying that they have invested in this areas, under the division of activities for being socially responsible to the environment that they operate (See Figure 17).

Philanthropic investments that companies allocate during their operating years in majority are financed from Foundations or Trusts. But in the sample of companies in our example, philanthropic investments are done in majority through revenue budget. 8 of 12 companies are saying that the whole philanthropic investments are done with their budget, 2 of them are saying that they use both foundations and revenue budget (See Figure 18).

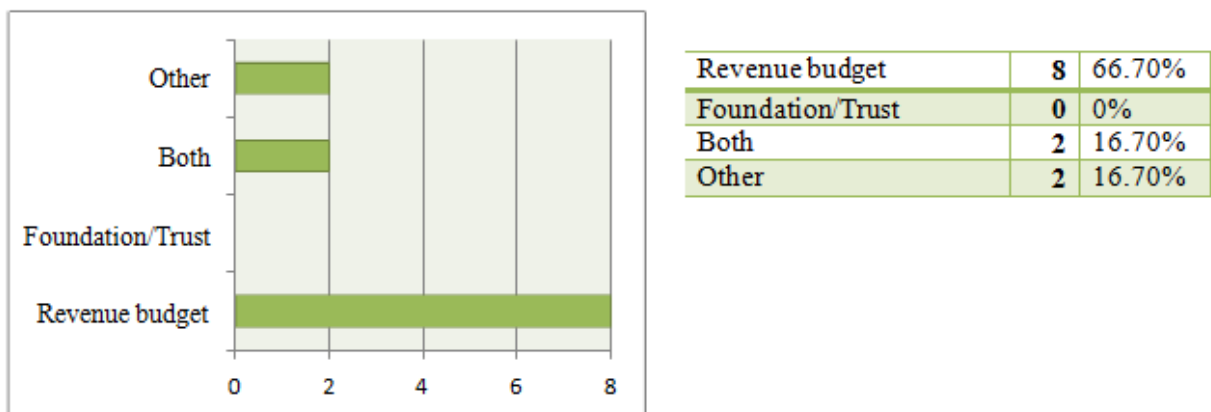


Figure 18: Philanthropic investments financing

All socially responsible activities and practices are voluntarily engagements with non financial profits. Companies sometimes let their employees to engage in voluntarily work even during the working hours, considering it as CSR practices. In our sample only 4 of 12 companies give permeation to their employees to work as volunteer during working hours (See Figure 19, first Graph). On the other side 8 of 12 companies engage as institution in volunteering practices and programs in support to their CSR programs. 4 other companies have never been involved in volunteering programs in place (See Figure 19, second graph).

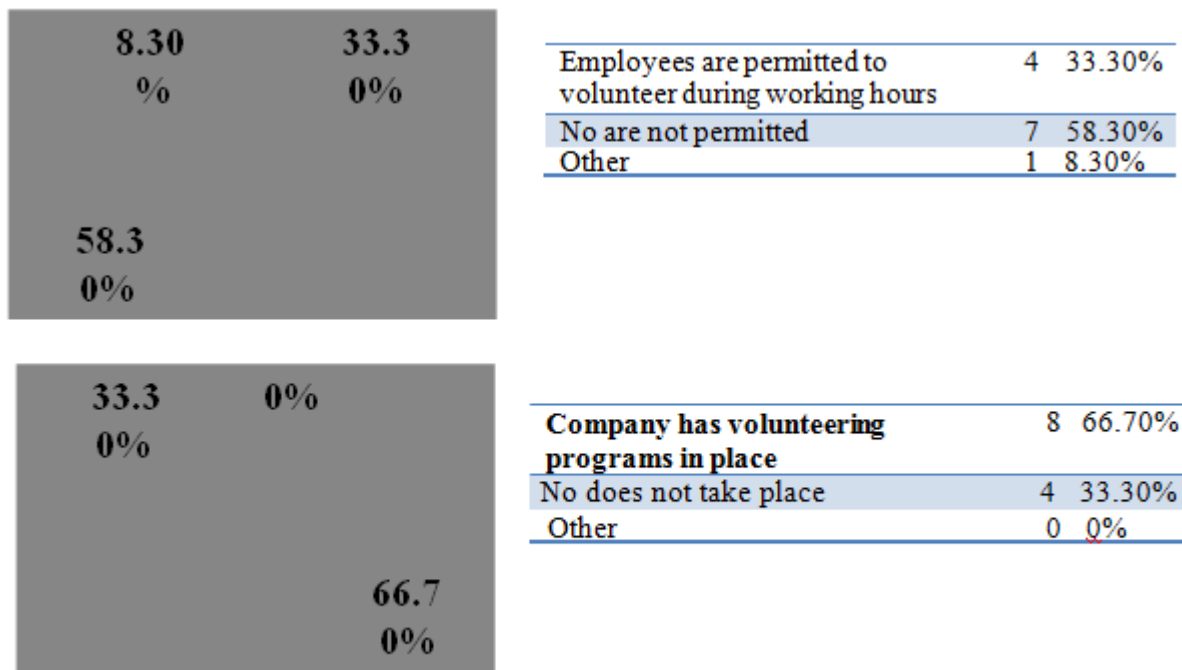


Figure 19: Volunteering programs in place in companies

In the section of additional comments, the only company that has added a very important point for their CSR achievements was Credins Bank. This Bank is 85% owned by Albanians and in 2014 won the price for Philanthropy in national level for the continual support for Environmental Development and Sustainability. This fact puts the bank one step forward in comparison with other banks in Albania, as being more socially responsible to the society of Albania.

5. Conclusion

Based on the sample chosen for this study and their responses, it can be concluded that in Albania telecommunication and banking sector is relatively working for better environment, for society and is careful for the employees. CSR is “de juro” good managed as Code of Ethics, Board of Committee, rules, regulations, laws and CSR programs, practices and trainings are part of strategies of the majority of companies operating in this sector. “De facto” based on truthfulness of respondents it can be concluded that these practices are being implemented but the sustainable development based on operations by being socially responsible will have the outcomes in the future.

All this achievement of having companies that care for being socially responsible after less than 20 years after communism collapse is very significant for Albania. As the whole society has passed through transition, Albanian private sector and foreign companies have managed to

bring a new perception in Albanian society. Companies now except of offering qualitative products that are demanded by customers they should be also be careful on being socially responsible for their actions.

A good example of changed perception on CSR after communism is Credins Bank. As one of 2 Albanian banks operating in Albania has achieved to take the price of Most Philanthropic institution caring for Sustainability and Environmental issues.

CSR has become as one of the main competitive advantages that companies try to win in order to sustain in the marketplace.

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Annex: Survey

Note*: Survey was filled online with Google forms

Corporate Social Responsibility (CSR) Questionnaire

(for banks and telecommunication companies operating in Albania)

This research is done for Master level related CSR behavior of firms operating in Albanian marketplace.

This questionnaire is sent to 20 companies operating in Albania. Companies consist of banking and telecommunication sector and the main aim of this survey is to get a clear picture of how foreign companies perform CSR in Albania, which is a post communist country.

The findings will help us conduct the study and understand the state of CSR amongst companies in this sectors and to rate their CSR operations. Each company will receive the findings and the finished research paper.

Please note that CSR of your company will be analyzed in the research according to the information you provide us. So please fill in the survey and provide us with the right information related to CSR operations.

If you have any further questions or technical difficulties in completing the questionnaire please contact:

Jona Hoxhaj, email: jhoxhaj@epoka.edu.al or phone number: 0695776817

* Required

Company Details

Industry/Sector type:

Number of Employees:

1. Do you have a board of Committee? If Yes, Does the board committee exist for the function of corporate social responsibility/ sustainable development/corporate citizenship *

• Yes

• No

• Not Applicable

2. Does the company have a code of ethics/ code of conduct in relation to the following issues?

- Confidentiality of information
- Money-laundering and/or insider trading/dealing
- Corporate governance
- Responsibility of your products or services
- Corruption and bribery
- Whistle-blowing
- Human rights
- None / Don't know

3. Does your company have a monitoring mechanism for implementation of a code of ethics /code of conduct?

- Yes
- No
- Other:

4. Does the company provide training to employees on dishonesty, corruption or unethical behavior?

- Yes
- No
- Other:

5. Has your company joined or publicly supported CSR voluntary initiatives and/or groups such as the Global Compact, Global Reporting Initiative, and Equator Principles, Ethical Trading Initiative or other national/international agreements related to environmental or social responsibility?

- Yes
- No
- Other:

6. Does your company PUBLICLY report on CSR/sustainability performance?

- Yes
- No
- Other:

7. Before entering a new market does the company undertake a risk assessment exercise with respect to the country's labor, human rights violations and environmental concerns?

- Yes
- No
- Other:

8. Has the company established a tracking system to identify and monitor labor, ethics, health and safety and environmental laws and regulations of Albania?

- Yes
- No
- Other:

9. Are there employees within the business given responsibility for managing:

- Environmental issues
- Health and safety issues
- Employee welfare and development
- Social and community issues
- Conduct within supply chains/ procurement practices

• Product responsibility

• None of the above

• Other:

10. Does the company raise awareness within the company in relation to the above CSR issues through: *Rate of raising awareness in scale 1-5

Questions 10a, 10b, 10c, 10d will be evaluated based on the scale rating of raising of awareness

1 2 3 4 5

10a. Training and awareness programs:

• Yes

• No

10b. Internal communications (e.g. bulletin boards, intranet, etc.):

• Yes

• No

10c. Management briefings:

• Yes

• No

10d. Other

• Yes

• No

• Other:

11. When designing corporate strategy, which of the following stakeholder groups does the company consider the opinions of?

- Consumers
- Shareholders or investors
- Local government
- National government
- Competitors
- Trade associations
- Environmentalists
- Media
- Local charity /nonprofit/ civil society groups
- International charities / nonprofit/ civil society groups
- Other:

12. Does the company have a health and safety management system in place? If yes, what system (e.g., ISO 18001)?

- Yes
- No
- Other:

13. Has the company introduced any health education, training, counseling or prevention program to assist employees, their families or community members?

- Yes
- No
- Other:

14. Has the company implemented any of the following environmental management systems?

- Green Globe

- ISO 14001
- Company's own internally designed environmental management system
- No systems implemented
- Don't Know
- Other:

15. Has the company aligned any of its business services to achieving better environmental outcomes? e.g. provided new products with lower emissions and energy usage, adapting services related to climate change mitigation etc.

- Yes
- No
- Other:

16. Does the company align any of its community investment initiatives to National Development Goals or internationally recognized goals or initiatives such as the UN Millennium Development Goals?

- Yes
- No
- Other:

17. Has the company invested in any of the following areas as part of its community investment initiatives?

- Local heritage
- Infrastructural support/services to local communities
- Youth development
- Education
- Underprivileged

- Poverty alleviation
- Disability
- Conservation
- Sports
- Culture
- No community investment initiatives
- No
- Other:

18. Are philanthropic investments allocated through a revenue budget or through a Foundation/Trust?

- Revenue budget
- Foundation/Trust
- Both
- Other:

19. Does the company allow employees to volunteer during working hours?

- Yes
- No
- Other:

20. In the last financial year, did your company have any volunteering programs in place?

- Yes
- No
- Other:

If applicable, add any further comments on community investment policies or practices in your company: