

## CORPORATE SOCIAL RESPONSIBILITY IN THE SUSTAINABLE DEVELOPMENT FRAMEWORK. ROȘIA MONTANĂ GOLD CORPORATION PROJECT'S IMPLICATION IN LOCAL COMMUNITY

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### Abstract

The concept of *corporate social responsibility* is often involved in public statements of the officials of the civil society due also to the fact that in this way *Roșia Montană Gold Corporation (RMGC)* can improve their image in front of the local community, public opinion generally, the officials of the business medium and others. In this framework, this concept must be interpreted strongly related with the contribution to the sustainable development because of the fact that the objective of every company is economic development and the recording of an increasing trend of the main economic efficiency indicators together with the close supervising of the social and environmental impact. In this study we will present the connections with the community life of the concept of corporate social responsibility, analyzing in this sense the main action direction of the project *Roșia Montană Gold Corporation*.

**Key words:** *Corporate social responsibility, sustainable development, mining industry, local community, population resettlement.*

**JEL Classification:** O19, O44, O50

### Introduction

Sustainable development follows and tries to find a stabile theoretical medium for decisions making process in any situation that regards a report of human/environment kind, or it regards environment, economic or social medium. Although initially the sustainable development wanted to be a solution to the ecological crisis determined by the intense exploitation of the resources and the continuous degradation of the environment and it firstly seeks the preservation of the environment quality, presently the concept had been extended also upon the quality of life in its complexity and under the economic and social aspects.

The concept of *sustainable development* represent the entire unit of the shapes and methods of social and economic development of which fundament is the assurance of an equilibrium between the social and economic systems and the elements of the natural capital. The common definition of the sustainable development is the one given by the World Commission for Environment and Development (WCED) in the report *Our Common Future*, known as the Brundtland Report (1987): “*sustainable development is the development that seeks the satisfaction of the present needs without affecting the possibility of the future generations of satisfying their own needs*” (World Commission for Environment and Development, 2010).

The implications of the sustainable development concept are referring to the economic and social impact of this concept upon the society, generally, and the local community especially. So, strongly related to the social nature of the sustainable development appears also the corporate social responsibility, which is a relative new concept. Corporate Social Responsibility is a relative new concept and there are a lot of issues regarding its definition. Depending on each organization the definition changes along with the perception of the concept of Corporate Social Responsibility. One definition which is commonly used is the following: “*Corporate Social Responsibility is about how companies manage the business processes to produce an overall positive impact on society*” (Mont, O., Leire, C., 2009).

In the following figure there are presented the main interferences between Corporate Social Responsibility and the other elements of the company’s medium.



Fig. no. 1 The elements component of the corporate social responsibility  
 Source: Baker, M., 2010. <http://www.mallenbaker.net/csr/definition.php>

Companies need to answer to two aspects of their operations, respectively: the quality of their management and the nature of, and quantity of their impact on society in the various areas – both in terms of people and processes (the inner circle).

Outside stakeholders are taking an increasing interest in the activity of the company. Most of them look to the outer circle – what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused – as well as past financial performance – on quality of management as an indicator of likely future performance.

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Another definition of the studied concept: *“Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”*, according to the Report on “making Good Business Sense”. The same report gave some evidence of the different perceptions of what this should mean from a number of different societies across the world. Definitions as different as *“Corporate Social Responsibility is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government”* from Ghana, through to *“Corporate Social Responsibility is about business giving back to society”* from the Philippines (Holme, L., Watts, R., 2010).

The European Union uses two definitions that can be put together in one whole: *“A concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”* (European Commission, 2010).

The Corporate Social Responsibility has multiple faces. So in a study realized in Sweden on different organizations is analyzed the concept of socially responsible purchasing, which is seen as including stakeholder influence and organizational values, media and nongovernment organizations’ attention and employees’ concern. The main barriers are a lack of resources for supplier audits, difficulties to ensure that all suppliers fulfill the code of conduct, differences in culture and management style, low levels of social standards and high levels of corruption in some countries of supply, all of which makes assurance practices a very costly enterprise (Mont, O., Leire, C., 2009).

### **Roșia Montană Gold Corporation Project’s Presentation**

The company Roșia Montană Gold Corporation SA (RMCG), we find in a presentation of the year 2002, is a mixed society between Compania Națională a Cuprului, Aurului și Fierului- Minvest SA Deva (19.3%), Gabriel Resources Limited from Canada (80%) and minority shareholders (0.7%). According to the license of exploration on December, 21<sup>st</sup>, 1998, Agenția Națională pentru Resurse Minerale (The National Agency for Mineral Resources) gave out an exploitation license towards Minvest as a full holder and towards RMGC as affiliated society. The license has an initial term of 20 years and can be renewed for successive periods of 5 years (Pascaru, M., 2007).

The society RMGC proposes a project for the setting up of a mining exploitation of gold and silver ore in the locality Roșia Montană, this investment representing not only the mine itself but also exploration activities at regional and local levels, assistance given for the closing of the present mining exploitation subsidized by the state, activities of relocation and displacement of the population, activities concerning the national patrimony (archaeological prospecting, evaluations, inventory and conservation of significant artefacts), activities concerning the diminution of the impact of historical activities upon the environment as well as activities supporting the local and regional development. (Pascaru, M., 2007).

We shall attempt to identify the profit of the project using as indicators the extent to which it intends to create new places of work in the different stages it is to develop: 1) the pre-construction stage (1996-2003): the direct creation of places of work, from 200 to 550 (apart of them having a seasonal character); the indirect creation of places of work (approximately up to 2 or 3 for each of the place in the preconstruction stage, i.e. from 400 to 600 as a whole), as well as training programs for the local population; 2) the construction stage (2004-2005): the direct creation of approximately 2000 places of work in the construction stage and the indirect creation of places of work ( approximately 3 places of work created for each place in the construction stage, totalizing an amount of 6000 places of work in the region) including activities supporting the mining constructions, hotels, restaurants, suppliers of construction materials, financial services, carburant suppliers and different other types of services; 3) the direct creation of places of work ( approximately 500 places of work) and the indirect creation of supplementary places of work) in domains such as the hotelier one, restaurants, gas stations, shops, banking services and many other types of services.

It is estimated that the total amount of work force in order to accomplish the objectives of the project will reach the number of 2000.

The placement of the system of the decantation pond, sustain the authors of the project, was selected from several variants, "taking into consideration a large range of technical, social, economical and environmental aspects" (Pascaru, M., 2007.).

The project RMGC seems to be rather thorough from the perspective of the anticipation of medium and long term consequences as well as from the perspective of the measures against the anticipated negative effects. Yet, the opposition to this project goes beyond the institutional and support area in point of ampleness and consistency.

The reactions towards the project RMGC, often bitter, come from different directions as source and support: Greenpeace, the Romanian Academy, the Orthodox Romanian Patriarchy, and other different local organizations or activating at national or international level.

Among the motives invoked by those who oppose the project we mention, due to their frequency or insistence, the following: 1. the extent of the project, which does not guarantee a safe functioning; 2. the use of the cyanide in the technological process as the technologies foretold by RMGC, which use cyanides to render the ore soluble and the extraction of gold, are not used in any part of the world with a high percentage of human density as in the region in which RMGC activates; 3. the destroying of the scenery as the project is to extend on a surface of approximately 6000 ha in the first stage, and then on a surface of 10000 ha when the locality Bucium has been included; this means that for a tone of gold, approximately 20 ha of soil will be destroyed and more than 1000000 tones of waste will be produced; 4. the displacement of approximately 2000 people, respectively 800 of households (740 of households and 138 apartments); 5. the displacement of churches and cemeteries in the region (8 churches and 9 cemeteries); 6. the destroying of the old Dacian and Roman archaeological sites; 7. the life period of the project of only 15 years; 8. the golden production is not absolutely necessary as at the moment there are huge deposits of gold in all national banks of the world. The displacement of the churches and cemeteries in the region is also inadmissible from the view of the Orthodox Church and cult. (Pascaru, M., 2007).

#### ***Roșia Montană Gold Corporation Project's implication in the local community***

In the following we will try to present just a single component of the concept of corporate social responsibility, in the way we will present in the introduction, respectively the implication in the local community. According to the engagement of the corporate social responsibility, *Roșia Montană Gold Corporation* has as major objective the maintenance of some strong relations with the local community and engagement of all communities in the nearby of the future mine and of the neighbor areas in the decisional process.

Regarding the implication modality of the company in the local community, we analyzed the company's activity during 2009. We have analyzed all activities regarding the involvement in the local community realized by the company during this period. As research methodology we used observation, internal documents' analysis and those of the statements realized by the company's officials.

Analyzing the involvement in the local community pointed out the following main activities that could be observed: 1) Dedicated offers: through the Department of community relations from Roșia Montană the company has a policy of opened , for facilitating daily interactions with the community, the staff and the management; through Roșia Montană Information Center, which is opened to the community and public, at request, there are made field observations; through the Information and Orientation Center for the resettlement process, which is placed in the new community from Recea, Alba Iulia, there are offered information related to this process to all those who are interested; 2) Presenting Papers/Informative Bulletins: during May 2009 were elaborated some of the guiding lines for the families' transition involved in the resettlement process in the Recea district. In this sense, there was adopted the policy regarding the good practices of the company, assuring in this way an adequate preparation of all security measures, as well as an adequate supervising. The implemented good practices on the Recea building site it is wanted to be used in the future for the next resettlement district from Piatra Alba. From the Informing Bulletins we can remind: Informing Bulletin regarding the working places from Recea, Alba Iulia, weekly edition in

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each Monday; Informing Bulletin of the Recea community, twice a month starting with November 2009; Apuseni Newspaper weekly edition regarding current activities of the company, announcements and letters from interested parts. To these ones we can add the other over 100 letters of the interested parties that have been sent to the local authorities for informing them about the resettlement process; 3) Public and individual consultations: for responding and coming in the contact with the local community, periodically there are organized public and individual consultations. From these we can remind: October 15<sup>th</sup> 2009 when took place a reunion in which was discussed the PUZ document (Area Urban Plan) for the historical center from Roșia Montană; March/April 2009 took place a reunion about the PUZ document (Area Urban Plan) for the industrial area; May 28<sup>th</sup> 2009 took place a public consultation regarding the resettlement families access to the public institutions and services in the new resettlement location; in June 2009 took place a consultation between *Roșia Montană Gold Corporation* and the Alba County Inspectorate regarding the resettlement families from Corna and Roșia Montană; also in June 2009 took place a consultation between *Roșia Montană Gold Corporation* and the Orthodox Church from Alba Iulia regarding the resettlement families from Corna and Roșia Montană and a consultation with nongovernmental Association *ProDreptatea* from the community framework; 4) Special visits in the resettlement district from Recea: for picking up data related to the effects of the resettlement process, but also for seeing the effects of such a process translated into practice in the interest area, the company had organized periodical visits in the Recea district in each Friday between February and April 2009, and after daily between May and December 2009 (Gabriel Resources Ltd., 2009).

So, for coming up for possible notices from the local community, considering the project's situation, which has generated at national level a series of controversies, the company took the initiative in projecting its own system for processing, analyzing and formulating the answers to the notices recorded from the community.

The company had completed its organizational structure with a Central Bureau for Community Notices which is acting in Roșia Montană, bureau that opened working points also in Corna and Recea. So, during 2009, the company's employees have responded to the following issues: 1) Central Bureau for Community Notices Roșia Montană had administrated 20 official notices and over 100 informal notices; 2) Bureau for Community Notices Corna had administrated 1.118 official notices and more informal ones; 3) Bureau for Community Recea, Alba Iulia had administrated 1.098 notices related to the contractors' activity.

Company says that cannot made deduction upon the number of notices received, but it can analyze the capacity of responding in a satisfactory way to these notices so that the final result satisfies the ones that are having a problem and presented it to the company for solving it. In this action way the final result is positive for the entire local community.

Regarding the responsibility for resettlement and relocation, according to the *Resettlement and Relocation Action Plan* of the company (RRAP), *Roșia Montană Gold Corporation* is following a systematic approach of the resettlement and relocation process, according a special attention to all persons that can be affected by the new project.

In this sense the company is giving a special attention to building a realistic date base of the local community and a close supervising program of this data base. As well, there are kept information related to the assistance given for resettlement and the evolution of this process it is followed up in time. In this framework the corporation is introducing in its activity the concept of responsible resettlement.

So, the Corporation Department of Community Relations is administrating an expanded data base that includes all families that are affected by the project, the resettlement and relocated families, vulnerable persons (especially local people without properties) and affected persons un-relocated (including also the families that are expected to build new houses and isolated families). This supervising represents one of the most important components of the social management system. The corporation has bought 794 houses along the 143 unlive houses (abandoned properties that are the proof of migration from the rural areas even before the beginning of the new mining project). All houses remained are supervised and benefit from assistance during the resettlement and relocation process depending on their specific needs.

Even, from the beginning of the implementation of the *Resettlement and Relocation Action Plan* of the corporation, it was supported the local community through entire relocation process offering juridical

assistance for selling the properties and relocation, assistance for resettlement and a program for reconstructing the living style (professional formation and scholarships).

In 2007 the corporation has initiated a Support Program for resettlement and relocation with qualified personnel (social workers, social assistances, occupational counselors and specialists in sociology), under the supervision of the Community Relations department. Analyzing the data for this program for 2009, we are presenting as it follows some numbers that are showing the activities developed in this period: 1) over 550 activities developed in the Support program for resettlement and relocation; 2) a program for rebuilding the living style of 19.445USD; 3) continuous supervising and impact evaluation of the four identified impact areas; 4) measures of limiting the social impact for all identified categories (families affected by the delays in handing over the houses) (Gabriel Resources Ltd., 2009.).

The concept of responsible resettlement appears so in the framework of official opening of the Recea, Alba Iulia district. The new resettlement Recea district was officially opened in May 2009. This is the first resettlement district build up by the corporation for the local families affected by the Roșia Montană project. As well, it is the first project of real-estate development from Romania that includes infrastructure development before houses construction – system for water, gas, electricity and sewerage developed entirely underground for rising up to the European standards.

The investment project was over 32 millions USD and includes 125 houses on 24 hectares area. The project was build from zero after *Roșia Montană Gold Corporation* has bought the land in 2003. The entire infrastructure was donated to the Alba Iulia Townhall; the district includes also over 13 km of roads. 12 building companies have been involved in the construction works, 9 of them being from Alba Iulia and 3 from the nearby counties. So, 1670 persons had worked on the building site from Recea. The team had celebrated one million hours of work without no incident in health and security at the working place in 2 years (Gabriel Resources Ltd., 2009.).

For giving a complete image of the corporation's actions regarding the involvement in the local community, we will give as it follows a few numbers related to the social investments realized in 2009.

So, for security and welfare was spent the amount of 456.735 lei related to the functioning of some programs that are presented in Table no. 1.

**Table no. 1 Investments realized for assuring the security and welfare of the local community**

Current number	Investment categories
1.	„Good Neighbor” Program
2.	Local Transport Services
3.	Community Center
4.	Internet Cafe
5.	Gym Hall
6.	Employees Club
7.	Different works on repairs and maintenance
8.	Health Care/Social Aid
<b>Total investments</b>	<b>456.735,00 lei</b>

Source: Gabriel Resources Ltd., 2009. *Responsibility report 2009*, Roșia Montană: Gabriel Resources Ltd. Regarding the educational and cultural programs, during 2009 was spent 127.045 lei in the framework of these programs, as it can be observe in Table no. 2.

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**Table no. 2 Investments realized for supporting the educational and cultural programs**

<b>Current number</b>	<b>Investment categories</b>
1.	Educational Programs with OvidiuRom
2.	Environment Educational Programs with PMRM
3.	Courses of leadership with Leaders Romania
4.	Games and educational activities organized by CERT Apuseni
5.	Educational Camp
6.	Other measures for support offered for educational or sportive activities for young
7.	Support for cultural activities from the community
<b>Total investments</b>	
<b>127.045,00 lei</b>	

Source: Gabriel Resources Ltd., 2009. *Responsibility report 2009*, Roşia Montană: Gabriel Resources Ltd.

Corporation is also sustaining keeping the community traditions, contributing in this way with 156.850 lei to the organization of specific local events, some examples being presented in Table no. 3.

**Table no. 3 Investments realized for supporting keeping the community traditions**

<b>Current number</b>	<b>Investment categories</b>
1.	Mine Worker Day - budget included in the budget of the Communication Department
2.	Minerals Day
3.	Other Fests at local community's level
<b>Total investments</b>	
<b>156.850,00 lei</b>	

Source: Gabriel Resources Ltd., 2009. *Responsibility report 2009*, Roşia Montană: Gabriel Resources Ltd.

Corporation is supporting and promoting initiatives regarding the preservations and keeping the cultural patrimony spending in this sense 677.600 lei:

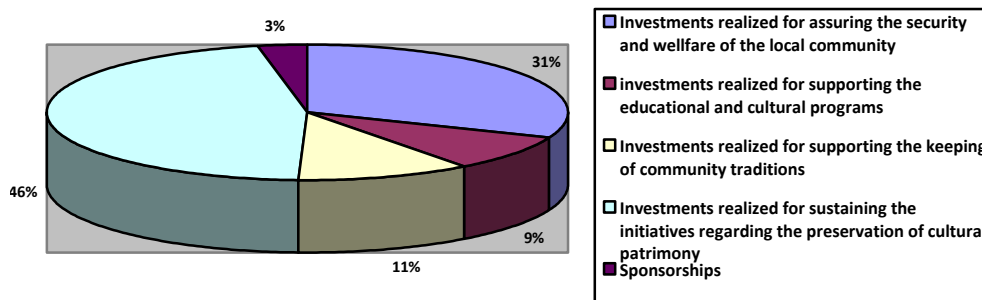
**Table no. 4 Investments realized for supporting the initiatives regarding the preservation and keeping the cultural patrimony**

Current number	Investment categories
1.	Restorations and repairs of the historical monuments
2.	Sociological research, traditional events
<b>Total investments</b>	<b>677.600,00 lei</b>

Source: Gabriel Resources Ltd., 2009. *Responsibility report 2009*, Roşia Montană: Gabriel Resources Ltd.

As well, during 2009, the corporation participated at the organization of a series of events and conferences contributing with 46.450 lei, it had realized different sponsorships in the total amount of 97.138 lei, the total amount of the social expenses in 2009 rising up to 1.561.818 lei. For having a better evidence of the corporation implication in the local community, in the next figure there are presented the weight on investments categories of the financial support offered by the *Roşia Montană Gold Corporation* for the local community development.

**Implication of Roşia Montană Gold Corporation in the local community**



Source: Data

presented in the diagram are an interpretation of the data pick up from the internal documents' analyze of the *Roşia Montană Gold Corporation* for the year 2009.

From the figure presented before, we can that the biggest weight, respectively 46% from the total amount allocated for supporting and developing the local community it is represented by the sustaining the initiatives of supporting the preservation of the cultural patrimony followed up by the investments for assuring the security and welfare, respectively 31%. The difference was allocated for supporting the initiative in keeping the community traditions, educational and cultural programs, as well as for others sponsorships realized during the year 2009.

**Conclusions**

The amounts presented related to the implication of the *Roşia Montană Gold Corporation* are only for the year 2009 and they are regarded by comparing only to the local community, so at first sight they can appear as being very impressive. But, they are only the proof that the company makes efforts to contribute to the sustainable development of the area in which they are acting, and in this sense the first identified need by the company's management was the integration of the corporate social responsibility concept in its leading style. More, the *Roşia Montană Gold Corporation* project had started veritable controversies even since its launching, which makes the company's management to act carefully regarding the civil opinion. So, integrating the corporate social responsibility concept appears as being imposed by the civil opinion's pressure.



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Among the main disputes raised by the *Roșia Montană Gold Corporation* project are ones that are starting from the fact that the developing period of the project, respectively 17-20 years, does not represent a solution for the sustainable development and does not solve social and economic problems of the area, which will be aggravated after the end of the project. So, the number of the working places for the operational period of the exploitation will be smaller than the working places from the period of 2006 and before. For contributing in real way to the assurance of area sustainable development there is need of long term economic solutions based on renewable resources.

Local community Roșia Montană has an history of over 2000 years and its resettlement actions, building demolishing actions (including also historical monuments), churches, and relocating graveyards are being unacceptable and had started a series of protests from non-governmental organizations of profile.

In the context of the sustainable development, the corporations know that their activity has to answer to all requests of an equilibrated development that will not affect the environment and the chances of the future generations of benefiting of at least same conditions as present ones. So, involving in the local community, as a base element of the social responsibility concept, it becomes obviously for any company not just a condition imposed by the civil society pressure. So, in Romania civil society is marked as well as the governance by a reduce level of participating related to the many social and psychological barriers signalized. (Pascaru, M., Buțiu, C., 2009; Pascaru, M., Buțiu, C., 2010).

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