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Decision-making and managerial behaviour regarding Corporate Social Responsibility in the case of Small and Middle-Sized Companies

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Abstract

When discussing large companies, it is widely known that social responsibility became a form of self-regulation integrated in a business model. This paper presents the preliminary results of a study on Corporate Social Responsibility (CSR) in Small and Medium-sized Enterprises (SMEs) in Romania. This research emphasizes the gap between CSR behaviour of large and small firms, and between theory and practice in the case of the SMEs under study. The manager's knowledge about CSR is surveyed. Also, the way managers make decisions regarding social issues is thoroughly analyzed. The study focuses mostly on decisions regarding the responsibility related to employees, more particularly on occupational illnesses and health conditions. The research analyses if the CSR concept is used as a marketing/PR tool, or whether it is simply an irregular philanthropic act without any integration to the business strategy or to the core business processes. The research presented in the paper is based on a survey realized in a region from the centre of Romania. The studied sample consists of 300 enterprises.

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1. Corporate social responsibility as challenging scientific research topic

The latest definitions of Corporate Social Responsibility (CSR) focus on stakeholder theory, and are based on the assumption that companies should build complex relationships with their stakeholders. The concept of corporate social responsibility has been widely investigated but a generally accepted theoretical framework does not yet exist

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(Russo & Pirrini, 2010). CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment and to all members of the public sphere, considered as stakeholders. The recently developed ISO 26000 Guidance Standard (www.iso.org), created as a result of the strong demand for a globally acceptable and united document in the area of CSR, defines business responsibility as “accountability for impact of business decisions and activities on community and its environment”, with respect to transparent and ethic attitude towards balanced development and well-being of society, but also expectations of parties involved.

The European Union, and its institutions, has as a major concern the social responsibility of the enterprises, defining the CSR a concept whereby the companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (Green paper- Promoting a European framework for Corporate Social Responsibility, 2001). Corporate Social Responsibility is part of Europe 2020 strategy (Europe 2020, *EU growth strategy, 2011*) for smart, sustainable and inclusive growth, as it can help to shape the kind of competitiveness model that Europe wants. In fact in March 2010 the European Commission made a commitment to “renew the EU strategy to promote Corporate Social Responsibility as a key element in ensuring long term employee and consumer trust”. In Europe all countries are supporting their National Strategies for CSR, and it seems clear that emerging new international tools of implementation strategies with social responsibility focus will help its extension to more and more companies. Thus, relatively recently, the Romanian Government in 14th September 2011 issued the „National Strategy for Promoting The Social Responsibility” programme (*Strategia Nationala de Promovare a Responsabilitatii Sociale, 2011*), which creates a framework for the development of CSR behaviour in the Romanian society. Besides that, several other domestic sources, mostly corporate founds, appeared. As part of their CSR strategy, many major companies decided to support social responsibility projects. Such Romanian example is a grant of 2 million euro created in 2013, to promote the social responsibility concept among local companies, institutions, NGOs. (www.csrmedia.ro).

So far, corporate social responsibility is mainly promoted by a number of large or multinational companies. The expectations, even pressure, from the social and political environment is so high, that actually is hard to find any large companies without a well-defined and promoted CSR strategy. In the case of large companies the CSR moved from strategically disconnected philanthropic giveaways to an integrated business strategy, linked to core business objectives and core competencies, providing positive financial returns. As with other similar type of initiatives, the rate of adoption of CSR practices has been slower within SMEs. There are increasing calls for a strategic approach to CSR yet the SME case has often stalled at the awareness raising and mainstreaming levels. MacGregor (MacGregor & Fontrodona, 2011) aims to advance the implementation of CSR in SMEs, from superficial to strategic, by first asking if strategic CSR is even possible for an enterprise that has no strategy. The reasons for this slower adoption can range from the daily pressures to succeed in the marketplace to the limited amount of resources that SMEs have (Mendibil, Hernandez, Espinach, Garriga, Steven Macgregor, 2013). A key factor also might be the fact that SME managers often do not really understand the benefits of adopting these new practices. In the case of SMEs from the developing countries the gap between CSR behaviour of large and small firms, between theory and practice is even more substantial. It has been noted that research on CSR in SMEs is quite scant in developing countries (Burton & Goldsby, 2009), (Ciliberti, Baden & Harwood, 2009). Hernáez et al. (Hernáez, 2012) presented a research on SMEs, where among other relevant results, it is investigated the situation of CSR policies in the case of SMEs from six European developing countries. In a recent research Grigore et al (Grigore, Stancu & Zaharia, 2013) supplied valuable data for present research about the opinion of Romanian practitioners and academics regarding CSR education and training. In their findings there were no significant differences between practitioners and academics, both consider CSR education important, or very important.

As already we showed above, a wide range of scientific literature exists concerning the CSR–SME relationship. The scientific research is based mostly stakeholder theory (Agle, 2008), (Sweeney & Coughlan, 2008), even if, there are still discussion regarding the stakeholder’s definition (Miles, 2012). The majority of the researchers agree on, the main stakeholders include: the environment, community, customers and employees.

On the reference study the author experienced that among all the stakeholders the employees seem to be the less researched. This applicable to the case of the CSR researches on Romanian managers and firms, as well. There are previous researches, beside others just mention the recent researches made by Grigore (Grigore, 2013) or Baleanu (Baleanu, 2011), but as far the author knows there are few results about decision making and managerial behaviour

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