
SMALL AND MEDIUM ENTERPRISES INCENTIVES IN CORPORATE SOCIAL RESPONSIBILITY PRACTICES REGARDING EDUCATION IN THE NORTH-WESTERN REGION OF ROMANIA

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Abstract

In the last decades, the recognition of the role and importance of CSR (Corporate Social Responsibility) has been accompanied by the enrichment of the content and significance of the actors and domains involved. We refer in particular to the shift of interest towards small and medium-sized enterprises (SMEs) and, respectively, to the relationship between business, social responsibility and education. The expectations and needs of the parties involved are obvious and mutual. On the one hand, the involvement of the entire range of the business world can contribute to filling the identified gaps and vulnerabilities of education: financing, modernizing the curricula, understanding real economic needs. On the other hand, the education system can provide a better trained and innovative workforce, more efficient and socially responsible managers, and a society which is more open to the relationship with the business environment. In our study we focus on this particular issue: the educational programs organized by SMEs as domains of CSR activities. Our paper, using the results of a survey applied to 109 SMEs engaged in CSR activities in the North-Western region of Romania, aims to examine the extent to which the involvement in CSR of SMEs also comprises education. Even though the preliminary results indicate a rather low involvement in this domain, we consider that SMEs have great potential for improving education as social responsibility dimension, at least through strong collaboration with educational institutions.

Keywords

CSR, SME, managers, education

JEL Classification

M14, I25

Introduction

Within the context of increasing interest towards sustainable development, companies are investing more and more in society in their pursuit to align their economic goals to the societal progress. The issuance of the Corporate Social Responsibility (CSR) Reports and the growing interest in the academic field have drawn the business entities in the position where they need to explain how their activities influence the economy, the environment and the society at large. Companies are growing their involvement in the educational discourse and they already are key-players in addressing unmet needs in education.

In Romania, the field of CSR is still at early stages of development and this paper contributes to fill the gap and develop the literature through analyzing enterprises that are engaged in CSR activities in the North-Western region. The purpose is to explore the contribution of SMEs in this region regarding CSR activities related to education.

Conceptual Framework

The concept of corporate social responsibility is gaining momentum in today's economy and its role has increased especially in the context where business entities have accepted that their actions have an important impact on the environment they operate in.

CSR is still a developing area both in study and practice with a lot of confusion (McWilliams and Siegel, 2011; Garriga and Mele, 2004) despite, or maybe due to the considerable broad spectrum of approaches. The academic field has also increased the attention on the corporate social responsibility issue. This can be assessed by the impressive number of research articles published in the last decade in academic journals and magazines.

The concept of CSR can be traced back to ancient Roma (Chaffee, 2017), although the 1950 and 1960 are the early days of the modern era of social responsibility, continuing with the 1970's CSR when the approach was mainly based on a managerial perspective, focusing on safety and labor rights (Agudelo et al, 2019). In the 1980's the concepts of business ethics became part of the business vocabulary, making way for the operationalization on CSR (Cochran and Wood, 1984). Globalization of the CSR took place in the next decade, and the concept of "The Triple Bottom Line" was first mentioned by Elkington in 1998, considering for the first time the framework that puts into balance the companies' impact on society, environment and economy. Elkington (1998) explained that performance can be achieved through effective long-term partnerships between private-public sectors and also between all stakeholders. In the 2000's CSR receives recognition, expansion and implementation, building momentum for the strategic approach of the CSR provided by the academic publications and in the 2010's the emphasis was on the creation of shared value (Chandler, 2016; Agudelo et al., 2019).

We should also acknowledge the contribution of professional organizations (associations, firms, European Union) to the expansion of CSR in the economic world. More, the emphasis on strategic approach is also promoted by such structures that regulate the activities and propose standards for CSR and sustainability for firms: World Business Council for Sustainable Development (WBCSD), Global Reporting Initiative (GRI), standard ISO (2600), European Union Green Book of CSR.

Holme and Watts (2000) state that CSR is "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life".

Although CSR has been traditionally associated with big corporations, the impact SMEs have on the economy, society and environment has drawn the attention of the academic world on the commitment of CSR activities in this sector.

CSR incentives in education

Enterprises are investing increasingly more in the endeavor to realign their economic pursuit to the progress of the society. The issuance of CSR Reports show that investments are increasing in the areas that impact society and environment more than before and sustainability is the main issue on their discourse. Welford and Frost (2006) point out that “any discussion about a strategy for education for sustainable development would be incomplete without the role of business”.

Enterprises are already becoming key-players in addressing unmet needs in education and thought leaders are shaping CSR programs that are purposefully supporting education across many contexts (Camilleri, 2016). Ozturk (2001) already emphasized the important role education has for society, explaining that no country can achieve sustainable economic development without substantial investment in the human capital. Creating and maintaining good partnerships with governments, trade unions and society it is in the businesses’ best interest (Camilleri, 2016) even though companies and governments rarely cooperate in a meaningful way when it comes to education and private companies often try to compensate the unmet needs. The opportunities that could come from this cooperation might have an important impact when referring to shared value creation.

Considering that economic growth can be founded on education and training (Radulescu et al., 2019) and that education is a pillar for all three areas that define sustainability, enterprises should concentrate efforts to create meaningful and value-enhancing CSR activities. CSR activities toward education have important ramifications in building sustained economic growth based on the solid foundation of increased productivity. A stable economic environment will provide the company a fertile ground for development and provide the important role of creating the economy not only by doing business, but by modeling it through the tool of education.

Romanian SMEs incentives in CSR activities relating to education

In the Romanian context, the CSR field is still at early stages of development and mostly concentrated in the sector of multinational corporations. The concept firstly emerged in the 1990’s. Large corporations have so far progressively developed a code of conduct for responsible behavior adopted from the parent-company and implemented locally.

In most of the cases CSR is still viewed as part of Marketing and PR and seen merely as philanthropy with emphasis on donations, sponsorships and public relations (Chersan, 2019). Obrad et al. (2011) analyzed Romanian companies in their socially responsible endeavors and the study confirmed that there are some issues in the way Romanian companies approach CSR activities, mainly related to transparency and the communication of CSR documents.

While the concept itself is not too well-known and adapted to Romanian SMEs, they usually display an educational orientation toward innovation and the efforts are consolidated by networking with external support for learning. SMEs may need to strengthen their collaboration with universities, as Apetrei (2015) pointed out, only few SMEs rely on universities and other educational institutions in building partnerships for education. Dornean and Rusu (2019) observe that Romanian SMEs appear to have numerous and well implemented CSR practices, although there is rarely a strategic approach or a clear concept and most common areas include incentives in children welfare, education, environment, art, sport and religion.

In Romanian enterprises, CSR activities are still at early stages and seen as philanthropies (Pop, 2016; Stancu and Olteanu, 2008;). Popa (2015) highlighted that CSR activities in Romanian companies focus mainly on areas relating to education, environment and community support. Studies on SMEs contribution to social responsibility and sustainability reveal that there is a growing interest in this regard, the main factor promoting it being the attitude of managers regarding the role of business in the society along with the size of

companies (Badulescu et al., 2019; Saveanu et al., 2019). Nonetheless, so far, we could not find researches focusing solely on the contribution of SMEs to education as a CSR domain of activity.

The Romanian context is similar to the European context where dramatic transformations took place. The economic, political and social changes provided the educational institutions with new unfamiliar challenges. In this context, the emphasis on CSR activities for education receive a new importance for building sustainable development. In the context where the education sector in Romania is underfinanced, companies need to provide a solution to fill the gaps.

Methodology

In this paper we present data collected through paper and online questionnaires in 2017. The instrument was aimed at reflecting the profile of CSR activities undertaken by small and medium enterprises in the western part of Romania. There were 18 closed questions and 4 opened questions. The questions ranged from characteristics of the firms, to understanding of the role of businesses in providing social welfare, CSR domains and activities undertook by respondent SMEs, level of formalization of CSR and organizational CSR.

There were 109 answers recorded with the help of MA students from University of Oradea, Faculty of Economics. The sample is opportunistic, as students collected the answers from firms with which they interact (work, family members or other connections). Consequently, we acknowledge that this sample is not representative; however, we consider that the results we present portrait a reality for SMEs in the region. There is one answer for each SME in the sample. Responses were given by managers or administrators of these firms.

In our sample of 109 SMEs, 54% are from Oradea, 7% from other towns in Bihor County. 22.7% are from other neighboring counties. The rest are from rural areas in Bihor County. The description of the sample can be found in the Table 1 below:

Table no. 1 Sample description

	Mean	Median	St. dev.	Minimum	Maximum
Number of employees	19,7	8	32,614	1	188
Turnover	6939196,38	521128,00	20578917,47	10	130589375,00
Year of funding	2005,75	2007	7,853	1991	2017

Source: authors' calculations based on dataset

In this paper we analyze questions regarding the:

- domains of activity (In the last five years, in which domains your firm undertook social responsibility actions? Check Yes/no from the given list: charity, community development, education, environmental protection, culture, sports),
- regarding social responsibility actions (Which of the following actions were undertaken by your firm? Check Yes/no from the given list: Donations or sponsorships, Involvement in social-community projects, Employee voluntary programs, Organizing social marketing campaigns, Promoting social causes, Organizing courses for other people than their own employees, Supplementary services for employees. This question was asked for two periods: In the previous year and in the last five years),
- regarding the money spent by firms on different type of activities (How much money did you spend on the following activities? Check amount intervals: less than 225 euro, between 225 – 2250 euro, between 2250 and 11200 euro and above 11200 euro, from each of the previous list of social responsibility activities).

The data was analyzed by the authors using SPSS statistical package. The tests conducted in the analyses presented in this paper are descriptive statistics (frequencies and statistical indicators).

Research results

In this paper we explore the contribution of SMEs in this region regarding CSR activities related to education. Asked in which domains our respondent firms undertaking CSR activities, we can notice the education was the third most engaging. Charity and environmental protection were domains in which almost half of the firms are engaged in. Education is a domain in which little over one third of our respondents were engaged in, showing great interest in it.

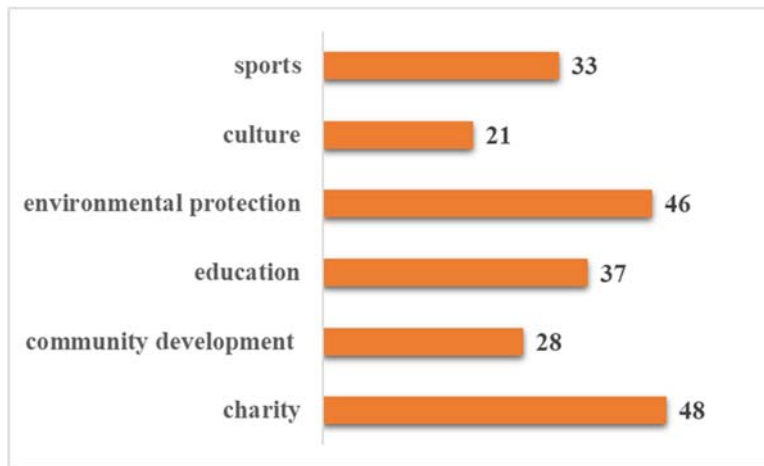


Fig. no. 1 In the last 5 years, in which of the following domains did your firm undertake social responsibility actions (number of answers for yes)

Source: authors' calculations based on dataset

Detailing these results, we asked our firms which are the social responsibility actions carried out in the last year or in the last five years. The detailed responses are presented in table no.2 below, showing a rather low interest in “organizing courses for other people than their own employees”.

Table no. 2 Which of the following actions were undertook by your firm? (Number of responses for yes)

Social responsibility activities	Yes, last 12 months	Yes, last 5 years
Donations or sponsorships	70	62
Involvement in social-community projects	31	27
Employee voluntary programs	24	23
Organizing social marketing campaigns	13	14
Promoting social causes	29	25
Organizing courses for other people than their own employees	26	19
Supplementary services for employees	60	53

Source: authors' calculations based on dataset

This shows that there is still a low awareness of this type of activities. Nevertheless, we must acknowledge that, given the higher involvement in education as presented above, it is possible that SMEs engage in nonformal educational approaches.

This result is stressed also by responses related to the amount of money invested in such activities – most of them declare they do not spend any money in them.

Table no. 3 How much money did you spend on the following activities?

Count	none	Less than 225 euro	225 and 2250 euro	2250 and 11200 euro	above 11200 euro
Donations and sponsorship	16	9	47	4	1
Involvement in community development projects	27	2	12	2	1
Employee voluntary programs	21	5	6	2	0
Social marketing campaign	21	5	10	0	0
Supporting a social cause	20	6	6	2	0
Training for other people then its own employees	18	4	9	0	1
Complementary programs for employees	24	7	22	6	3

Source: authors' calculations based on dataset

All the firms engaged in this domain of CSR activities are also involved in other domains. Consequently, also given the size of our sample, we could not investigate further the characteristics of firms that have CSR activities in education.

Our analyses show that the engagement in education as an area of social responsibility from small and medium enterprises is rather small. These firms are more inclined to charity and environmental protection, and as concrete actions they would rather make donations or sponsorship or provide other services for their own employees. This is probably the consequence of their lack of specific resources (personnel, finances) for CSR in general. While there is an interest in CSR involvement from SMEs in this region, due to this lack of resources these firms would rather limit their contribution on donating money for charity and providing some extra services for their own employees. Nonetheless we consider that SMEs have a great potential for improving education as social responsibility dimension, at least through strong collaboration with educational institutions. As SMEs are rooted in their communities, they are better able to formulate the concrete educational needs (along other specific needs) of the community and also provide some of the content through traineeships and other educational programs.

Conclusion

The last decades are witnesses of a general agreement, on a theoretical and practical level, on the growing importance of CSR for small and medium enterprises, and on the mutually beneficial relationship between business and education. Also, there is an increasing openness to understanding the fundamental elements and strategies of developing and integrating businesses, social responsibility and education. In the case of Romania, literature confirms, on one hand, a heightened awareness of the role of CSR among SMEs, and on the other hand, traditional measures, lacking the strategic vision that would encourage systematic and efficient educational involvement in education.

The present paper analyzes the importance of education among different domains of CSR activity undertaken by firms, the degree of involvement in such activities, using the results of a survey applied to 109 SMEs engaged in CSR activities in the North-Western region of Romania. Our outcomes reveal a rather small and quite obsolete engagement in education as an area of social responsibility from SMEs. However, given the region's SMEs' consistent and honest involvement in CSR, we consider the existence of a high growth and diversification potential of their involvement in education, including a better collaboration between the business environment and educational institutions. The main limit of the results presented in this paper are driven by the sample size and sampling method. The generality of our conclusion is limited. However, we consider that the data presented is relevant even for a smaller part of the companies. We intend to explore in more depth the involvement in this area of social responsibility by SMEs, and also extend the study to larger samples.

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