INTEGRATING CSR IN THE SMES STRATEGIES

RESPECTABILIDADE SOCIAL CORPORATIVA INTEGRADA NAS ESTRATEGIAS DAS PME'S

ABSTRACT Corporate Social Responsibility (CSR) was long viewed as a costly or charitable measure on the short-run but now it is an asset worth having on the long-run. Having investigated the origins, current status and trends of the CSR concept, we could state that, despite being a relative recent practice, CSR has been implemented worldwide at a stunning velocity. The business environment considers it a “must-have” in the company’s strategy in order to succeed. In the last few years, we noticed that, for the first time, large firms are not anymore in the spotlight of public’s attention and government’s actions when promoting CSR as a strategic key element. It seems like the majority group of SMEs get almost all the attention, given their specific organizational and company culture as well as the restrictions applied to them by the economic environment. This paper aims at highlighting the core meaning, the advantages and the direction of specific practices regarding CSR in a company in general, and more specifically in SMEs. Moreover, the paper analyses the extent of the integration process of this key-element in the Romanian SMEs.

RESUMO Responsabilidade Social Corporativa (RS) foi entendida como uma medida dispendiosa ou de beneficência de curto prazo mas presentemente é um activo valioso de longo prazo. Tendo investigado as origens, o estado actual e tendências de Responsabilidade Social Corporativa, podemos afirmar que, apesar de ser uma prática relativamente recente, a Responsabilidade Social Corporativa tem vindo a ser implementada mundialmente de uma velocidade surpreendente.

O ambiente empresarial considera que é um “must have” na estratégia da empresa para alcançar o sucesso. Nos últimos anos, notamos que pela primeira vez, companhias de grande dimensão não estão sob a atenção do público e das acções do governo quando promovem RS como um elemento chave estratégico. Parece que a maioria do grupo de PME’s recebe a maior parte da atenção, dada a sua cultura organizacional específica bem como as restrições aplicadas a este tipo de empresas pelo ambiente económico. Este artigo tem como objectivo salientar o principal significado, as vantagens e a direcção de práticas específicas em relação à Responsabilidade Social numa empresa em geral, e mais especificamente nas PME’s. Este artigo analisa a extensão do processo de integração deste elemento chave nas PME’s da Roménia.

KEYWORDS CSR, SME, Social Awareness, Responsible Competitiveness, Strategic Planning

PALAVRAS-CHAVE Responsabilidade Social Corporativa, PME’s, Consciência Social, Competitividade Responsável, Planeamento Estratégico

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1. INTRODUCTION

Corporate Social Responsibility (CSR), a virtually unknown concept for many policymakers more than a decade ago, is nowadays a subject of debate not only for the insiders of a company (corporate managers, shareholders, employees etc.) but also for the outsiders (trade-unionists, politicians, consumers, Non Governmental Organizations, researchers and academic figures etc.). Although people may encounter CSR under different names (like Corporate Citizenship, Corporate Conscience, Social Performance, or Sustainable Responsible Business) they seem concerned about the core meaning of it. This may due to various reasons but partly because nowadays large firms are very powerful and also very influential: they provide thousands and thousands of jobs and offer various forms of satisfaction for workers and other parties; they produce needed goods and provide services for the public; they earn profits for shareholders and other participants; they support education and other good works; but, on the other hand, they create problems by polluting the air, the water and the soil. They are admired, envied, hated, feared and frequently despaired by both admirers and critics alike.

But what would motivate a company to take CSR actions? For many, there is the general belief that such an approach will certainly produce costs and does not increase profitability (in short term) exposing the company to the risk of losing competitiveness, and therefore, their market share.

To answer these problematic let’s look inside the company. The most important players here (regarding the process of decision-making) are the executives. They will engage the firm in social activities only if they are motivated to do this. And nothing could motivate more than the fact that the output will help their organization at the same time. Therefore they have in mind two crucial needs: economic success and social welfare.

Also, as empirical studies show, CSR has an important effect on the workforce of a company. Employees do not only want to earn money but they also need an emotional platform, jobs that can provide them with additional value (more than money can provide by itself). CSR is such a platform: it is able to motivate people and a highly motivated and committed staff enables companies to be more competitive.

Now, let’s turn our attention on the environment outside the company, and more specifically on the public’s perception regarding CSR. The wave of trade liberalization, liberalization of international capital markets, substantial international migration (both legal and illegal) and technological change often brings concern about the process of globalization, economic restructuring and the ever growing power of multinationals. But if those multinationals present an inclination towards social and environmental responsibility, they help to ease the transition towards the new economic order.

CSR plays an important role not only for the public at large but also for governments as well. Among the advantages of implementing CSR we can distinguish: a properly and fairly management of the process of global economic and social change; the pursuit of more and better jobs according to Europe’s employment and social agenda; achieving better global governance by reinforcing existing policy tools such as legislation and social dialogue.

In conclusion, as corporate power is increasing, at the same time, corporations face increasing pressures (both from the outside as well as from the inside of the company) to take a broader perspective of their corporate purpose, including social and environmental considerations. Companies are expected to become socially committed even in areas not directly related to their business or the efficient supply of goods. The pressure for more responsible corporate behaviors is posing new dilemmas for corporate decision-making (highlighted in the works,
among many others, of: Matten and Crane, 2005; Porter and Kramer, 2006; Scherer and Palazzo, 2007) that are hard to square with traditional ways of doing business. This paper is structured as follows: after a brief introduction into the field of CSR and the importance of this specific element for the society, the paper realizes a survey of the literature regarding CSR focusing on the common ground, previous conceptions and theoretical approaches. In the next part, the paper examines the process of incorporating CSR in a company in general, and more specific in SMEs. Conclusions highlight the most important aspects of the paper and some lessons to be learned.

The concept of CSR has been subject to increasing debate since the suggestion made by Milton Friedman that “the responsibility of firms and their management is singularly defined by reference to the need to make choices that maintain and enhance shareholder value within the framework of the law” (Friedman, 1962). Nevertheless, the CSR concept appears for the first time in the economic literature in the early 1950s in the writings of Howard Rothmann Bowen. Bowen, also known as the ‘the father of CSR’, when speaking about social responsibility referred to the ethical obligations that the companies have towards the society and the environment (Carroll, 1999).

There has been some debate as to whether CSR is such a novel phenomenon at all. From a historic point of view, the concept of CSR had already known considerable interest in the 60s and 70s thanks to a broad range of papers (among them, the most known are of Cheit, 1964; Ackermann and Bauer, 1976; Carroll, 1979). Although the topic almost vanished from the literature in the 1980s (Dierkes and Antal, 1986) it seemed that it resurfaced forcefully over the past fifteen years as a response to the public concern regarding the process of globalization and economic restructuring.

In the literature regarding CSR we often encountered ourselves with a variety of different approaches, which often are in contradiction to each other. Wood (1991) describes three levels of analysis of the concept: institutional, individual and organizational. We can add to this analysis a fourth level proposed by Hockerts and Morsing which (2000), which they characterized it as global. When referring to CSR, Aid (2004, p. 7) puts it very simple: “in simple terms, companies make loud, public commitments to principles of ethical behavior and undertake good works in the communities in which they operate”. A UK report on CSR aimed essentially at business, states that (UK Government, 2004, p. 3): “We see CSR as the business contribution to sustainable development. There are many definitions but we are all talking about how business takes account of its economic, social and envi-

2. CORPORATE SOCIAL RESPONSIBILITY: THEORETICAL CONSIDERATIONS

Although there is no universal definition of CSR, if we look at the abundant literature regarding this subject we can see that it generally refers to transparent business practices not only in compliance with legal requirements but also based on ethical values, and respect for the people – both the individual and the community – and for the environment in which the company activates.
ronmental impacts in the way it operates – maximizing the benefits and minimizing the downsides. But we are not talking about altruism – CSR should be good for long-term business success as well as good for wider society. The European Commission (2004, p. 3) defines CSR as: “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis”. Furthermore, in the Green Paper (European Commission, 2001, p. 8) we found that: “Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing ‘more’ into human capital, the environment and the relations with stakeholders”. From the same point of view, the Chartered Institute of Personnel and Development (see the CIPD website) considers CSR to involve companies assuming responsibility for their “impact economically, socially, environmentally and in terms of human rights”. Socially responsible companies are expected to integrate economic, social and environmental concerns into their business strategies and their activities, going beyond compliance with the law. CSR is not just philanthropy. As an example, let’s look at the case of Parmalat; the company was very philanthropic, but was not socially responsible, as emerged from the 2003 scandal. Another important opinion is that of Elkington (1998) for whom the social responsibility of a business entity is three-fold: to create economic value by being profitable; to create ecological value, by engaging in activities that are beneficial for the (natural) environment; and to create social value by engaging in activities that are beneficial to life and the society/community (also known as the ‘triple bottom line’ of ‘people, planet, profit’).

If you were to draw some basic ideas after these definitions we would conclude that there are sides that tend to emphasize the avoidance of harm and the achievement of sustainability. On the other hand, for others, CSR necessarily entails actively seeking to achieve positive change. Let’s look, for example, at the definition for CSR of McWilliams and Siegel (2001, p. 117): “actions that appear to further some social good, beyond the interests of the firm and that which is required by law”, and also to Carroll’s “Pyramid of Corporate Social Responsibility” that includes philanthropic requirements.

Archie Carroll (1991) suggested probably the most established and accepted model of CSR in the existing literature. It is the “Four-Part Model of Corporate Social Responsibility” depicted in Figure 1. Carroll (1991) regards CSR as a multi-layered concept, which can be differentiated into four interrelated aspects – economic, legal, ethical and philanthropic responsibilities. He presents these different responsibilities as consecutive layers within a pyramid, such that “true social responsibility requires the meeting of all four levels consecutively”. Hence, Carroll and Buchholtz (2000, p. 35) offer the following definition: “Corporate social responsibility encompasses the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time”. According to Carroll’s “Pyramid of Corporate Social Responsibility” the four interrelated aspects are:

- economic responsibility; the basis for all the subsequent responsibilities. The economic responsibi-
ities refer to: the return on shareholders’ investments, wages for the employees, good quality products at a fair price for customers etc.

- **legal responsibility:** focusing on this aspect, businesses must abide by the law and play according to the rules of the game.

- **ethical responsibility:** as we look upon the implications of this aspect we can highlight the fact that corporations must do what is right, just and fair even in the case when they are not compelled to do so by the legal framework mentioned above. Therefore, these specific responsibilities consist of what is generally expected by society, over and above economic and legal expectations.

- **philanthropic responsibility:** the fourth and last level of CSR looks at a great variety of issues, including matters such as charitable donations, the building of recreation facilities for employees and their families, support for local schools, or sponsoring of art and sports events. According to Carroll (1991), philanthropic responsibilities are therefore merely *desired* of corporations, making them ‘less important than the other three categories’.

The views highlighted until now in the paper of Friedman (1962), Elkington (1998) and Carroll and Buchholtz (2000) can also be expressed in terms of an equation (Table 1).

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**TABLE 1. ARGUMENTS REGARDING CSR EXPRESSED MATHEMATICALLY**

<table>
<thead>
<tr>
<th>AUTHOR(S)</th>
<th>EQUATION</th>
<th>COMPONENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friedman (1962)</td>
<td>CSR = PR</td>
<td>PR – Profit</td>
</tr>
</tbody>
</table>

As we can see in the table above, all the researchers but Friedman agree that there is much more to CSR (a wide spectrum of other activities focused on stakeholders, societies, and the environment) than just profit seeking. Another interpretation of the concept of CSR, almost similar to the one of Carroll’s, we found in the thesis of Sabate Juncosa (2009, p. 11), a researcher at the University of Barcelona:

1. **Economic responsibility** (exclusively): to offer goods and services so that the company obtains as much profit as possible;
2. **Political responsibility** consists in that specific dimension of the company which permits it to search for solutions of different problems but just as simple advisor (as an outsider);
3. **Social responsibility** with *instrumental* feature is an activity consisting in solving different problems for different social groups, but as a mean for achieving economical results;
4. **Social responsibility** as an *assumed* responsibility to the society, which consists in incorporating the social components in the company’s objectives.

Matten and Moon (2007) identify two distinct elements of CSR, the *explicit* and the *implicit*. The authors justify the distinction between explicit (American) and implicit (European) CSR and posit that national CSR systems
will be a function of the intensity of the institutional framework and the salience of social issues to individual corporations. Table 2 provides a comparative overview over the implicit and explicit elements of CSR.

**TABLE 2. EXPLICIT AND IMPLICIT CSR COMPARED**

<table>
<thead>
<tr>
<th>EXPLICIT CSR</th>
<th>IMPLICIT CSR</th>
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<tbody>
<tr>
<td>Describes corporate activities to assume responsibility for the interests of society</td>
<td>Describes the corporations’ role within the wider formal and informal institutions for society’s interests and concerns</td>
</tr>
<tr>
<td>Consists of voluntary corporate policies, programs and strategies</td>
<td>Consists of values, norms and rules which result in (often codified and mandatory) requirements for corporations</td>
</tr>
<tr>
<td>Incentives and opportunities are motivated by the perceived expectations of different stakeholders of the corporation.</td>
<td>Motivated by the societal consensus on the legitimate expectations of the roles and contributions of all major groups in society, including corporations</td>
</tr>
</tbody>
</table>

According to the authors, CSR can be conceptualized as a way of thinking and a set of practices enacted and addressed by – mostly voluntary – corporate policies, which explicitly circumscribe the responsibilities towards society, which corporations seek to address. On the other hand, the majority of issues which count as corporate responsibilities towards society in a European context are not part of the corporation’s explicit policies but they are implicitly codified in the norms, standards and legal framework of Europe and its nations.

In Romania, as in many transition countries, the CSR concept appeared only after 1990’s when many NGOs were set up. Because international public or private institutions were involved, Romania ‘imported’ from the foreigners social responsibility. The Romanian economic literature regarding the CSR concept is scarce and this aspect reflects itself in the business environment (e.g., Oprea, 2005; Dinita, 2006; Mandache, 2006; Pascu, 2006; Blidisel et al., 2008; Popa et al., 2008a, 2008b).

Thomson Reuters registers just one ISI article on the subject of corporate social responsibility in Romania (Popa et al., 2009). A major role in the process of information dissemination of the concept of CSR through events, actions and seminars played the American-Romanian Chamber of Commerce (AmCham). Not only that, but the AmCham developed some concrete projects in the field of social responsibility (Udrea and Ionescu, 2007).

In conclusion, Corporative Social Responsibility, also known as Corporate Citizenship, Corporate Conscience, Social Performance, or Sustainable Responsible Business (Wood, 1991), can be defined – and this is our point of view that we will use throughout this paper – as the company’s contribution, active and voluntarily, to the well being and the social, economical and environmental improvement of the society, as its objectives are focused upon competitiveness and obtaining plus value.
Many years back, societies’ expectations from corporate entities was limited to the basic needs: to provide goods and services for the public and employment for the people, to pay corporate taxes to the government, to maximize the wealth of the providers of capital and conform to the basic rules of society. Nowadays, more and more corporations are realizing that in order to stay competitive, to be productive and profitable, and to remain relevant in a rapidly changing business environment, they have to become socially responsible. As we saw in the last chapter, being socially responsible simply requires a corporate entity to behave well in all its dealings and put in place appropriate measures which would help to reduce the adverse impact of its actions on both the environment and its stakeholders. Nevertheless, an entity that doesn’t succeed in demonstrating responsibility in its actions, may not survive beyond the short term. Therefore it is in the best interest of those corporations which aspire to survive and prosper to behave responsibly according to the rules of the game.

In the last few years, we noticed that, for the first time, large firms are not anymore in the spot light of public’s attention and government’s actions when promoting CSR. It seems like the majority group of Small and Medium-Sized Enterprises (SMEs) get almost all the attention, given their specific organizational and company culture as well as the restrictions applied to them by the economic environment. Even though CSR can be used as a strategic tool to enhance the reputation, professional image and competitiveness of SMEs, the impact of such an instrument may take some time until it becomes manifested (Vyakarnam et al., 1997; Spence and Rutherfoord, 2003). In the last decade, while some industries have seen their market share decreasing, after the arrival of imported products, others have achieved such levels of competitiveness that they were able to compete at an international and also export their products. A strong feature of the SME is that, compared to the big companies, they can adapt to the changing environment with a stunning velocity. These SME have responded to new global market requirements, through the professionalization of its management and strategic redefinition of the business. Doing so, it allowed them to take command of the productive sectors to which they belong, to take position in new market niches, to respond appropriately to social demands, to manage risks efficiently and ultimately become more competitive. For achieving this, some SME have incorporated CSR standards in its management. Thus, CSR has become a competitive variable that SMEs have begun to introduce into their business strategy to ensure sustainability and competitiveness. SMEs have also a very heterogeneous size and working structure. Therefore this group of organizations varies from the basic microenterprise with virtually no employees to medium sized enterprises with over 200 workers. Other important organizational features of this specific group can be found in the work of Spence (1999) for small companies.

Incorporating best practices in corporate governance involves:
- adopting a leadership style based on ethical principles, moral values and transparency;
- developing policies and practices of human resource management that affect the welfare, loyalty and productivity of workers and employees;
- establishing and continuously improving policies and practices of environmental management;
- developing systems of evaluation and selection of suppliers and contractors, using environmental and social criteria;
- encouraging innovation, high quality and safety of the products, confidentiality of data, consumer rights, and pre-and post services for the customer;
- contributing to the economical and social development of the community;
- committing to the common good.

But why should a SME incorporate CSR in its strategy? Why do SME engage in CSR activities? The United Nations Global Compact (a strategic policy initiative) offers a range of reasons, including “demonstrating leadership”, “managing risks”, “improving corporate / brand management” and improving “employee morale and productivity”. Witte and Reinicke (Witte, Reinicke, 2005, p. 63) list “increasing reputation”, “showing good corporate citizenship”, “improving the investment market”, “meeting government requirements” and “individual leadership”.

As one can see there are many reasons underlying the incorporation of CSR in the business strategy, among them: decreases risk; retains workers; differentiates it from the competition; helps identify opportunities for improvement; retains and expands markets; enhances reputation. We have summarized in Table 3 the most important advantages for a SME when incorporating CSR into their strategy. In doing so, we distinguished between two types of advantages: internal and external.

**TABLE 3. INTERNAL AND EXTERNAL ADVANTAGES WHEN INCORPORATING CSR IN THE SME STRATEGY**

<table>
<thead>
<tr>
<th>INTERNAL ADVANTAGES</th>
<th>EXTERNAL ADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>loyalty and commitment of employees/ workforce;</td>
<td>position and differentiation of the brand;</td>
</tr>
<tr>
<td>better working climate with impact on better productivity and quality;</td>
<td>an enhanced reputation and a professional image of the firm;</td>
</tr>
<tr>
<td>fluidity of internal communication;</td>
<td>increase of the notoriety;</td>
</tr>
<tr>
<td>developing a corporate culture;</td>
<td>attraction of new customers and increasing the loyalty of the old ones;</td>
</tr>
<tr>
<td>tax incentives given by tax authorities;</td>
<td>better relationship with the outside environment and ability to form beneficial strategic alliances;</td>
</tr>
<tr>
<td>provide plus value to shareholders (improvement in its shareholder value).</td>
<td>better influence of the firm in the society and sympathetic media at critical times;</td>
</tr>
<tr>
<td></td>
<td>better relationship with syndicates and Public Administration;</td>
</tr>
<tr>
<td></td>
<td>support when launching new products;</td>
</tr>
<tr>
<td></td>
<td>ability to attract top class employees from top class universities</td>
</tr>
<tr>
<td></td>
<td>access to new market segments.</td>
</tr>
</tbody>
</table>
Studies showed that the overwhelming motivating factor for SMEs to engage in CSR is not represented by external advantages but an internal drive to doing the right thing or putting something back or showing entrepreneurial spirit.

**TABLE 4. REASONS FOR ENGAGING IN CSR AND BASIC APPROACHES**

<table>
<thead>
<tr>
<th>WHY CSR?</th>
<th>NATURE OF THE DRIVERS</th>
<th>KEY IDEAS AND CONCEPTS</th>
<th>MOTTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR is enhancing the long-term profitability of the company.</td>
<td>ECONOMICAL</td>
<td>- shareholder value maximization;</td>
<td>There is a clear-cut business case in CSR!</td>
</tr>
<tr>
<td>CSR solves day-to-day management problems.</td>
<td>MANAGERIAL</td>
<td>- socially responsible investment;</td>
<td></td>
</tr>
<tr>
<td>CSR is the morally right thing to do.</td>
<td>ETHICAL</td>
<td>- competitive advantage;</td>
<td></td>
</tr>
<tr>
<td>CSR is a way to be a legitimate and accepted member of society.</td>
<td>POLITICAL</td>
<td>- bottom of the pyramid strategies.</td>
<td></td>
</tr>
</tbody>
</table>

Matten (2006) offers a more synthetic analysis and from the variety of reasons and concepts for firms to become involved in CSR he maps out four main avenues in which CSR ideas have been talked about over the last couple of years. In table 4 we can distinguish between the four main arguments in favor of CSR as well as key concepts and ideas linked to these four ways of approaching CSR.

In the process of incorporating CSR in SMEs strategic planning one may encounter several obstacles, among which the need to justify the allocation of limited resources to activities beyond the daily running of the business is just one of them. Other common obstacles are:

- establishing connections with the members of the society;
- getting the workforce committed in doing CSR activities;
- the existence of many short term projects;
- the existence of unequal commitment from some parties in a specific project;
- the lack of transparency in information;
- the fact that existing CSR tools and guidelines are more formalized and used by large businesses – ethical codes, reports or CSR indicators;
- quantify the intangible outputs or benefits.

To develop CSR in a strategic approach is necessary to identify the following factors: management commitment; leadership; dialogue with stakeholders; creation of tools that permit information transparency.
Once incorporated the key element – that is CSR – in their strategic planning, SMEs are particularly active in one, two or more of the four fields of CSR (see Figure 2). In a study conducted by Murillo and Lozanon (2006, p. 8) on a number of four Catalan SMEs that stand out for their social and environmental practices, they established that these specific small companies, in order to incorporate CSR in the strategy of the firm, have used the next drivers: character/values of the founder, social/economic model of the manager, competitive impact, innovation possibilities, desire to differentiate, legal regulation, vision/mission of the company in its statute. They conclude that when deciding on social or environmental sustainability strategies in a SME, the values of the founding entrepreneur are of major importance. According to Jenkins (2005, p. 529) development NGOs have, for the most part, been extremely critical of the voluntary initiatives undertaken by the corporate sector. For example, Aid (2004, p. 2) claimed that “CSR is a completely inadequate response to the sometimes devastating impact that multinational companies (have)". Therefore, the company is under a big external pressure (such as NGOs and various non-profit-organizations) to take on more social responsibility, that cannot be neglected. In Romania, like we have mentioned in the previous section, the CSR concept appeared only after 1990’s when many NGOs were set up. Also, big transnational companies played an important role (Udrea and Ionescu, 2007). Some of them, e.g. Philip Morris, Coca-Cola, Pepsi-Cola etc., joined afterwards the AmCham. After 2000, more and more SMEs started to get involve in social responsibility actions. Although a consensus does not exist among Romanian researchers and policy makers regarding CSR actions, important issues such as health and safety, fair working conditions, environmental protection and community engagement are taken into consideration. Studies show that the Romanian Government manifests great interest for the problem of CSR by improving the legislation in the field of environment, employment and restructuring. Nevertheless, there are still many claims coming especially from the civil society and also from the business sector for improving legislation and taxation in order to support institutions for actions of social responsibility.

4. CONCLUSIONS AND FINAL REMARKS

The concept studied in this paper (CSR) has gained an increasingly high profile in recent years. As saw in this paper CSR, also known as Corporate Citizenship, Corporate Conscience, Social Performance, or Sustainable Responsible Business, can be defined as the company’s contribution, active and voluntarily, to the social, economical and environmental well being of the society, as its objectives are focused upon competitiveness and obtaining plus value.
Having researched the origins, current status and trends of the concept CSR, we can conclude that, despite being a relative recent practice, CSR has been implemented worldwide at a stunning velocity. Thus, until now there have been several global initiatives that have promoted the incorporation of CSR in business strategy (despite the fact that the literature regarding the integration of CSR in business models is still underdeveloped). Different institutions and organizations have developed initiatives to promote and encourage socially responsible behavior of companies worldwide.

In the last few years, we noticed that, for the first time, SMEs are more and more in the spotlight of public’s attention and government’s actions when promoting CSR. In the present paper, we have analyzed some of the most important advantages for a SME when incorporating CSR into their strategy. In doing so, we distinguished between two types of advantages: *internal* and *external*.

In the process of incorporating CSR in SMEs strategic planning one may encounter several obstacles, among which the need to justify the allocation of limited resources to activities beyond the daily running of the business is just one of them. We also saw that when deciding on social or environmental sustainability strategies in a SME, the values of the founding entrepreneur are of major importance.

In Romania, as well as in other transition countries, although SMEs started to take in consideration, after 2000, CSR actions when elaborating their strategies their number is quite small. There is no doubt that efforts are being made (and not only by the Romanian Government) but the SMEs perceive CSR more as charitable actions, omitting thus the multiple facets and roles that this strategy bears.

As final remark, we would like to point out the fact that when encouraging SMEs to embrace CSR in their strategic planning, the initiatives need to be easily accessible and relevant. That is why we recommend the use of simple tools and case studies/good practices that makes the learning process more easily and provide encouragement to SMEs. When a SME relates to a specific example that increased profitability and improved the competitiveness it is more likely that the firm will adopt CSR strategies as well. These actions will prove to be very successful for improving CSR amongst SME.

5.

ACKNOWLEDGMENTS

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