SOCIAL RESPONSIBILITY CONCERNS OF SMEs IN ROMANIA, FROM THE PERSPECTIVE OF THE REQUIREMENTS OF THE EFQM EUROPEAN EXCELLENCE MODEL

Marieta Olaru1, Ghiorghiţa Stoleriu 2 and Ioana Maria Diana Şandru3

1) 3) The Bucharest Academy of Economic Studies, Romania
2) Tecnoservice Bucureşti S.A., Bucharest, Romania

Abstract
The paper highlights some of the results obtained within a questionnaire-based survey conducted in the SMEs from Romania, the objectives being measurement of the degree to which these enterprises fulfill the EFQM (European Foundation for Quality Management) requirements regarding the social responsibility and measurement of the impact that the implementation of a quality management system according to the ISO 9001 standard has on the degree of fulfillment of these requirements.

The research was carried out on a representative sample of SMEs from Romania, in the period 2007-2010, with data being processed from 918 filled-in questionnaires. The results of the research show that SMEs in Romania are especially concerned with reducing and preventing health and occupational safety risk. In contrast, SMEs are less concerned with: the active involvement in the community life, the assessment of the community’s perception on the organization’s social impact and the use of performance indicators related to this impact.

However, it was confirmed that the implementation of a quality management system according to the ISO 9001 standard had a positive impact on the ability of SMEs in Romania to fulfill the requirements of the EFQM Excellence Model related to social responsibility.

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* Corresponding author, Marieta Olaru – olaru.marieta@gmail.com
Introduction

The current business environment has led to a growing awareness of enterprises of enhancing their chances of reaching success by working together and keeping the norms’ generally accepted by society and business communities and not by breaching rules or by forcefully eliminating competitors from the market. Accordingly, emphasis is placed on promoting new concepts, such as stakeholder management, development of business networks, management of business ethics (State and Popescu, 2008), corporate social responsibility, sustainability, social entrepreneurship and global corporate citizenship (Yakovleva, 2005). It is considered that these concepts can be addressed by the phrase *moral or social responsibility in business* (Foote, et al., 2010, Hopkins, 2006).

In line with these concerns and aware of the specialists’ interests, the European Commission brought up, in 2001, the concept of responsible entrepreneurship via the Green Paper "Promoting a European framework for corporate social responsibility" (Commission of the European Communities, 2001). A year later, another communiqué released by the European Commission (Commission of the European Communities, 2002), proposed a strategy for promoting responsible entrepreneurship, based on the following ideas:

- raising awareness of the positive impact that social responsibility has upon the business environment and community in general;
- developing the exchange of experiences and best practices among companies regarding social responsibility;
- promoting social responsibility in the case of SMEs;
- launching a forum at EU level in order to bring together stakeholders interested in responsible entrepreneurship;
- integrating social responsibility into Community policies.

Subsequently, the European Commission launched an official statement (Commission of the European Communities, 2006), stressing that Europe should become a center of excellence in terms of corporate social responsibility, since the integration of this concept significantly contributes to the European strategy for growth and job creation (Berns, et al., 2007). The Commission also sought the creation of a European Alliance for Corporate Social Responsibility with the aim to promote social responsibility at the level of SMEs, by giving them the opportunity to initiate projects in this field at European level (Lozano et al., 2007).

Corporate social responsibility, according to the definition formulated by the European Commission, is "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, 2004). Therefore, the notion of **responsible business** refers to the ensuring of economic success for an organization by integrating social and environmental issues in its processes so that the organization can adequately manage the impact of those processes upon the environment and contribute to solving the community problems in general. In other words, such work involves meeting the customers’ demands, but also the expectations of other stakeholders (such as the organization’s employees,

Specialists in the field of social entrepreneurship defined three premises for this concept, which is considered to have a positive outlook for changing the business environment and supporting the emergence of a new type of entrepreneur: corporate social responsibility, sustainability and stakeholder management. These three premises are considered favourable for social entrepreneurship to be considered an attractive model in the current global financial crisis, which has partly shaken the confidence of both public and business investors regarding the concept of private initiative (Melville, 2009).

But why should SMEs adopt strategies based on social responsibility? Firstly, in order to develop decisions and actions that enables a realistic objectives planning, a better use of human and financial resources, as well as a better exploitation of the identified opportunities, aiming to overcome the efforts for survival on the market. Secondly, SMEs should develop their own framework for action in dealing with all stakeholders, framework which often is often quite restricted. Moreover, they should shift from a tacit to a formal statement regarding the implementation of practices based on social responsibility, by overcoming cultural and social barriers.

It is considered that companies’ integration of the social responsibility related aspects into the decisions and strategies adopted, brings with it more benefits regarding the following dimensions (Luetkenhorst, 2004): the reduction of energy and resources costs by implementing ecological actions, the increase of employees’ loyalty by initiating programs for human resources development, the improvement of relationships with the governmental institutions, the emphasis on innovation and learning by increasing the interaction level of enterprises with all stakeholders, with positive effects on their development and market positioning and the adoption of responsible behaviour towards clients, attitude that becomes generalized and remains no longer a feature of market niches.

In line with these developments, the EFQM Excellence Model was revised in 2010, aiming at providing a stronger focus on economic and social sustainability.

Under these conditions, the purpose of research was to determine the degree of fulfilment of the “results for society” criterion of the EFQM excellence model, which integrates the sub-criteria requirements for social responsibility, by SMEs in Romania and determining the impact that implementing a quality management system conforming to ISO 9001, has on the achievement of these requirements.

1. Social corporate responsibility from the perspective of the EFQM Excellence Model

The EFQM Excellence Model – a model which includes the values specific to the corporate social responsibility among its evaluation criteria – supports enterprises to identify problems and to find solutions for eliminating their causes, thus ensuring the starting point for continuous business performance improvement (Olaru, et al., 2009b, Ioncica, et.al., 2009).

EFQM Model was revised in 2010, as a result of the new challenges in business environment, based upon an increased orientation towards economic and social
sustainability (EFQM, 2010). The new version of the model is based upon eight fundamental principles. (Figure no. 1)

The structure of the model was maintained, while changing some of the basic criteria as well as the individual weights of each criterion. The score is subsequently computed according to the RADAR method (acronym for Results, Approach, Deployment, Assessment and Refinement). This method represents an enlarged view of the Deming cycle: Plan – Do – Check – Act – PDCA) (EFQM, 2010).

The reasons behind changing some of the criteria names are the following:

- The „Policy and Strategy” criterion was renamed to „Strategy”, because a possible confusion was identified within the feedback on this criterion: some organizations considered policy as an element defined by external organizations;
- The „Processes” criterion became „Processes, Products and Services”, due to the strong focus identified on the client;
- The „Key results” criterion underwent a significant change, emphasizing the fulfillment of the targets established in the strategy.

![Figure no. 1: Fundamental principles promoted by 2010 EFQM Excellence Model](http://www.efqm.org/en/PdfResources/EFQMModel_Presentation.pdf)

The aim of the nine basic criteria of EFQM 2010 excellence model (Figure No. 2) and its sub-criteria is to assess all aspects which contribute to performance and establish a score, which should be a true image of the importance of each activity category of the
organization and eventually, the overall performance of the organization. (Olaru, et al., 2010). The maximum score, provided that all criteria are fully met, is 1000 points.

The specific values of the social responsibility concept are taken into consideration during assessment, mainly by the means of the criterion „Society Results” and of its sub-criteria.

As for the weights of the criteria, unlike the previous version of the model, all five criteria pertaining to the potential factors have an equal weight in the assessment (10%). Regarding the results related criteria, the weights of the criteria referring to customer satisfaction and financial performances were brought on the same level (15%) and the weight of the criteria referring to people satisfaction and society results was increased (10%).

Therefore, the 2010 version of EFQM Excellence Model strongly highlights the idea that companies must undertake responsibility for a sustainable future, which raises the necessity of integrating a set of ethical principles into the culture of organization, as well as clear values and the highest standards of organizational behaviour, all these providing the attainment of a high level of economic, social and ecologic sustainability.

Figure no. 2: Basic criteria of EFQM Excellence Model and their weights (version 2010)


In the view of the EFQM Excellence Model, this concept should focus now on active undertaking of the responsibility for organizational behaviour and on managing their impact upon extended communities.
2. Considerations regarding the approach of the social responsibility concept by SMEs

Concerns of ensuring a responsible business activity have become more stringent, especially in the context of the economic globalization and the increasingly wider recognition of the interdependences between nature and society which led to the formulation of new requirements from customers, local communities, regulators, banks, investors and insurance providers.

Given the new requirements, multinational companies turned their involvement related to social matters into a profitable business strategy (Iamandi and Philip, 2008). SMEs are also increasingly concerned to improve their operating methods, so that they can contribute to the general wellbeing of the community (Zaharia, et al., 2010).

In the same time, recommendations and principles were developed to guide governmental institutions and local authorities in formulating public policies meant to promote, ensure transparency and support enterprises’ initiatives on corporate social responsibility (Igalens and Joras, 2002).

On the other hand, enterprises’ interest towards internationally defined management system models on social responsibility increased. A range of enterprises prefer to integrate the management system model of social responsibility defined by the SA 8000 standard with the quality and environmental management systems and with health and occupational safety management systems developed according to the following international standards: ISO 9001, ISO 14001 and OHSAS 18001 (Olaru, et al., 2009c, Suditu, et al., 2009, Stoleriu and Dincă, 2009). Under these circumstances, it is being considered that the corporate social responsibility of an enterprise plays an important role in ensuring the long-term competitive advantage, by gaining the trust of customers and other stakeholders (Conti, 2003, Berger 2006, Olaru, et al., 2009d, Olaru, et al., 2010).

Although the research in the field focuses mainly on how big companies implement the concept of social responsibility, its approach by SMEs is about to take shape. Moreover, the more appreciated SMEs’ activity becomes in the business environment, the more intense the latter’s effort becomes in promoting a responsible behaviour within society. It is estimated that the benefits of adopting ethical business practices and high levels of corporate integrity lead to creating and maintaining a competitive advantage (Perrini, 2006).

For SMEs, social responsibility means taking responsibility for the actions of employees, customers, suppliers, community and environment, while undertaking steps for making profit (Sang, 2008). According to some studies (Perrini, 2006) about half of the SMEs in Europe, irrespective of the industrial branch they are a part of, perform or participate in activities with implications on social responsibility. According to forecasts, this trend is growing for the coming years. The issue of social responsibility is reflected in SMEs’ concern with the environment, this being the most often implemented aspect related to corporate responsibility and the cultural actions and programs undertaken. Also, this issue is perceived, especially when SMEs operate within networks and partnerships. The interaction with other economic actors, facilitates the transfer of knowledge and information.
Given the growing significance of social responsibility and its implications, an index was defined in order to measure it. The index of corporate social responsibility integrates in its structure several components (Luetkenhorst, 2004):

- corporate governance;
- the use of ethical business practices;
- the formulation of progressive policies (most of them aimed to protect the environment);
- the formation of human capital (by protecting employees' rights and developing their skills, etc.);
- the contribution to public finances (by establishing corporate taxes etc.);
- the management of environmental activities.

By combining this index with sub-indices that measure the technological level, the macroeconomic activity or the role of public institutions, an index regarding responsible competitiveness can be formulated.

Some of the index components, as well as the concept of competitiveness, are also reflected in the fundamental principles formulated and promoted by the 2010 edition of the EFQM (European Foundation for Quality Management) Excellence Model (fig. no. 1), namely: integrity in leadership, human resource development which is decisive in achieving success, promoting innovation, partnership development, choosing and implementing sustainable actions. Nonetheless, one should not lose sight of the fact that the companies concerned not only with the quality of provided products and services, but also with meeting customers’ expectations are those promoting the idea of social accountability. There is a compatibility and complimentarily of the issues underlying the concept of social responsibility and the Malcolm Baldrige Quality National Award (Foote, et al., 2010, Stephens, et al., 2005), as well as the EFQM Excellence Model.

3. Research Methodology

The research objectives have been achieved using a questionnaire-based study on SMEs in Romania between 2007 -2010 (Olaru, et al., 2009a). 3100 questionnaires were distributed and 1227 filled in questionnaires were received, of which 918 SMEs (698 SMEs in the field of services and 220 SMEs involved in production activities). In order to determine the minimum sample size the following formula was used:

$$n = \frac{t^2 \cdot p \cdot (1-p)}{\Delta^2},$$

where

- $n$ = minimum sample size,
- $t$ = coefficient corresponding to the probability with which the results are guaranteed (from the statistical tables of the Student distribution),
p = proportion of sample components that have the explored feature (when "p" is unknown, it is considered equal to 0.5 - corresponding to the maximum dispersion);

Δω – acceptable error limit.

To determine the minimum sample, the coefficients of the above formula have the following values:

t = 2 (corresponding to a probability of 0.95)
p = 0.5 (corresponding to the maximum value of dispersion)
Δω = 0.07 (error limit)

By entering the values of t, p and Δω in the formula, the minimum sample size was computed to be 205 companies (2):

\[ n = \frac{2^2 \times 0.5 \times (1 - 0.5)}{0.07^2} \]  

In order to determine to what extent these companies have concerns regarding the improvement of their social performance, from the perspective of an integrated approach of business social responsibility, promoted in the 2010 edition of EFQM Excellence Model pertaining to „Society Results“ criterion, the questionnaire included the following question, with possible answers for the six sub-criteria: Does your organization ensure compliance with society requirements by (more answers can be selected):

- Monitoring and assessment of process impact upon environment;
- Reduction and prevention of process impact upon environment;
- Risk reduction and prevention concerning health and security at working place;
- Assessment of community, local and central authorities and of regulation bodies’ perception of the social impact of the organization;
- Active involvement in community life;
- Utilization of performance indicators relevant to the social impact of the organization.

A five level scale of assessment was used for assessing the answers, from „not at all” to „very much” / „fully” (as appropriate). Points from 1 to 5 were awarded in the graphic representation, corresponding to the five levels of assessment. Values indicated in the graphs represent the arithmetic mean score obtained by adding the appropriate points for the received responses indicated in the questionnaire divided by the interviewed SMEs number.

The authors also intended to check the following assumption during the performed study: whether the SMEs which implemented a quality management system, according to ISO 9001 international standard have more substantial concerns in the field of social responsibility, therefore obtaining better results regarding the fulfillment degree of the sub-criteria of the EFQM Excellence Model.
4. Results of the Research

4.1 The fulfilment degree of the Romanian SMEs of the requirements dealing with social responsibility, corresponding to the „Society Results” criterion of EFQM Model

Figure no. 3 depicts the degree of fulfilment by Romanian SMEs of the six sub-criteria concerning the „Society Results” criterion of EFQM European Excellence Model, which integrates requirements related to the social responsibility of enterprises.

The results obtained at the level of each sub-criterion are found below:

The fulfilment degree of sub-criterion 1 „Monitoring and assessment of process impact upon environment”

According to the performed study, the SMEs in the field of services obtained an average score of only 3.08, which represents the fulfilment to a „small extent” of the requirements provided by EFQM Model regarding the monitoring of process impact on the environment (Figure no. 3). As for the SMEs in production field, the situation is slightly better and the average obtained score is of 3.35.

We consider that the attitude of these enterprises towards the society’s requirements should be reconsidered, in order to identify its expectations in due time, thus providing a correct management of resources and reducing the negative impact of the activities upon the environment.

The fulfilment degree of sub-criterion 2 „Reduction and prevention of process impact upon environment”

The data obtained during the assessment and monitoring of process impact upon the environment are only „satisfactorily” used by the interviewed SMEs. The SMEs in the services field obtained an average score of 3.1, whereas those in the production field achieved a score of 3.5. (Figure no. 3)

Although in last year there has been an improvement regarding the utilization degree of the data obtained as a result of assessment and monitoring of process impact upon the environment, the share of Romanian SMEs which does not use these data „at all” or uses them „to a little extent”, in order to reduce or prevent such an impact is still high (24% of the questioned SMEs).

Therefore, regarding Romanian SMEs, we can say that there is a limited response capacity to incoming signals from society regarding the society’s requirements on environmental protection (Olaru, et al., 2009c, Olaru, et al., 2010). We believe that the financial difficulties faced by SMEs in Romania have a negative impact in this respect.
Figure no. 3: The fulfilment degree by the Romanian SMEs of the six sub-criteria concerning the „Society Results” criterion of EFQM Model

The fulfilment degree of sub-criterion 3 „Risk reduction and prevention concerning health and security at working place”

According to the performed study, the SMEs are „to a great extent” preoccupied with reducing and preventing risks concerning staff’s health and security at the work place. Thus, the SMEs in the field of services obtained at this sub-criterion a score of 3.74, whereas those in the field of production obtained a score of 3.95, this being the highest score obtained among the six sub-criteria of the EFQM Model included in the questionnaire (Figure no. 3). The share of SMEs which declared they deal „to a small extent” with reducing an preventing risks concerning staff’s health and security at the work place or that they do not have such concerns is about 13%. We can conclude there is still room for improvement among the SMEs in Romania regarding the level of their concerns in this area.

The fulfilment degree of sub-criterion 4 „Assessment of community’s perception of the social impact of the organization”

As a result of the performed research, the conclusion was that the SMEs in Romania are little preoccupied with improving the perception of community, local and central authority and regulation bodies regarding the impact of the organization’s activities upon society. Thus, the questioned SMEs from service field obtained an average score of 2.98, which means they meet only to “a little extent” the requirements of this sub-criterion (Figure no. 3). 27% of the questioned SMEs declared they are to “a little extent” or “not at all” concerned with the assessment of this perception.

The fulfilment degree of sub-criterion 5 „organization involvement in community life”

According to the performed study, the SMEs have little involvement in community life. Thus, the SMEs from the service field obtained an average score of 3.02, whereas those
from production field achieved a score of 3.22, which can be translated as the fulfillment to “a little extent” of this criterion. (Figure no. 3). The current European and international trends show an intensification of the links between organizations and local community, in view of mutual benefits.

The fulfillment degree of sub-criterion 6 “Utilization of performance indicators relevant to the social impact of the organization”

The number of enterprises which use performance indicators regarding the social impact of the activities is relatively reduced, about 30% of the interviewed SMEs declaring that they do not use “at all” such indicators or only to “a small extent”. Thus, the SMEs from the service field obtained an average score of 2.87 and those from production field obtained a 3.10 score. (Figure no. 3)

Overall, while the average scores obtained by SMEs in the production field vary between 3.1 and 3.95 for the six sub-criteria, the scores for those in the service field have a range between 2.87 and 3.74. Therefore, it can be noticed that the SME’s involved in production consider they meet to a greater extent the social responsibility-related requirements corresponding to the sub-criteria mentioned in the EFQM Excellence Model, compared to the opinion expressed by the SME’s providing services.

For both categories of SMEs, the smallest score was recorded for the following criteria: “utilization of performance criteria concerning the social impact of the organization”, “assessment if community perception concerning the social impact of the organization” and “active involvement in community life”. The best results were recorded for the fulfillment degree of sub-criterion 3 “health and security risk reduction and prevention at the work place” (figure no.3) which can be explained as a result of the legal requirements in the field.

4.2 Impact of implementing a quality management system ISO 9001 upon the fulfillment degree of the requirements of the EFQM Model concerning the social responsibility, by the SMEs in Romania

Taking into account the current trends of implementing a quality management system (QMS) according to international standard ISO 9001 by the SMEs in Romania (Stoleriu, 2009), the conducted research examined the impact of this process upon the fulfillment degree of the EFQM Excellence Model social responsibility requirements.

In terms of experience acquired while meeting the requirements of the mentioned standard concerning QMS, it was noticed that the great majority of the questioned SMEs have recently implemented a QMS according to the model defined by this standard. Thus, 63% of the questioned SMEs in the field of services and 57% of those from the production field implemented a QMS fully in line with ISO 9001 standard in the past three years. (Figure no. 4)
Figure no. 4: Share of SMEs in Romania according to the number of years of quality management system implemented according to ISO 9001

Moreover, according to the data obtained during the research, only 14% of the SMEs in the field of services and 19% of those involved in productive activities declared that they have a certified QMS older than 5 years. As it can be seen in Figures No. 5 and 6, the SMEs which have a quality management system implemented according to ISO 9001 standard obtained average higher scores, compared with the SMEs which do not have such a system. Yet, differences are not significant when analyzing SMEs in the field of services. (Figure no. 5)

Figure no. 5: Fulfilment degree of the sub-criteria referring to „Society Results” of EFQM Model by the SMEs in the services field with a QMS according to ISO 9001, compared to those which do not have such a system
As for the SMEs in the field of services, the biggest difference between those which have QMS certified according to ISO 9001 and those which do not have such a system, was noticed at sub-criteria 1 “Monitoring and assessment of process impact upon environment” and 2 “Reduction and prevention of process impact upon environment”. This can be explained by the fact that the SMEs in the production field have a better capacity of controlling the processes, including those related to environmental protection. (Figure no. 6)

![Figure no. 6: Fulfilment degree of the sub-criteria referring to „Society Results” of EFQM Model by the SMEs in the production field with a QMS according to ISO 9001, compared to those which do not have such a system]

**Conclusions**

The questionnaire based survey conducted by the authors allowed the measurement, for the first time in Romania, of the concerns of SMEs regarding social responsibility from the perspective of the integrated approach of social responsibility principles which is promoted by the 2010 edition of the EFQM Excellence Model. Thus, it was possible to determine the level of fulfilment by the SMEs of the criterion “Society results” within this model, at the level of the sub-criteria that integrate the requirements related to social responsibility. Furthermore, it was possible to assess the impact of implementing a quality management system according to the ISO 9001 standard on the degree of fulfilment of these requirements.

One of the findings was that in the case of SMEs in Romania, social responsibility is focused mainly on concerns related to the protection of the environment and to occupations security. Thus, the best results concerning the fulfilment degree of the requirements related to social responsibility of the EFQM Excellence Model were obtained for the following sub-criteria: “Risk reduction and prevention concerning health and security at the workplace” and “Reduction and prevention of process impact upon environment”. On the other hand, the SME’s in Romania are less preoccupied with: assessment of community perception concerning the social impact of the organization, active involvement...
in community life and using of some performance indicators concerning the social impact of the organization. Therefore, a low fulfilment degree of the related sub-criteria of the EFQM Excellence Model was recorded.

On the other hand, it was established that the implementation of a quality management system in accordance with the ISO 9001 standard had a positive impact upon the social performance of SMEs in Romania, as well as upon their capacity to meet the requirements of the EFQM Excellence Model concerning social responsibility. Therefore, the assumption according to which SMEs that have a quality management system in accordance with the ISO 9001 standard have more consistent concerns in the field of social responsibility, obtaining higher average scores at all sub-criteria concerning social responsibility of EFQM Excellence Model was confirmed.

Taking into account the results of the performed research, we can conclude that the implementation of a quality management system may facilitate the improvement of the social performance of SMEs in Romania, in line with the principles promoted in this direction by the new edition of the EFQM Excellence Model.

The results of the study may represent a starting point for future research, on identifying the most suitable ways for improvement of the social performance of SMEs in Romania, from the perspective of the requirements defined by this model.

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