COMMERCIAL ACTIVITY’S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT BY SOCIAL RESPONSIBILITY ACTIONS: A VISION OF SMEs

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Abstract
This paper reports on a small study concerning the development of the social responsibility concept, in order to reveal how this concept became an important element of the sustainable development. According to this relationship, there are presented the results of a qualitative research among small and middle-sized companies involved in commercial activity in Bucharest, to show the way in which their activities of social responsibility meet the national strategy of sustainable development. The conclusions of this paper support the literature in the field, that underlines the fact that small and middle companies involved in commercial activity are concerned mostly with the way they succeed in achieving the economic objectives, and social responsibility is understood more at a minimal level, that are connected with legal obligations. The way in which the activity of the company meets the demands of a sustainable development represents a diffuse preoccupation, totally subordinated to the objectives of economic performance.

Keywords: sustainable development, small and middle-sized companies with commercial activity, social responsibility, commercial activity

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Introduction
Social responsibility represents one of the most debated concepts of the past decades. Appeared initially as a development of management, the concept of social responsibility

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has gradually evolved in the other scientific fields, in present being able to speak about the inclusion of social responsibility in any type of human activity.

Though there are controversies concerning the appearance of the social responsibility concept, many specialists consider it as being a result of the 50’s. Even since its theoretical beginning, this has continuously evolved under several pressures: of consumers, of issues regarding environment, of the speech about the need of improving the environment and labour standards. Since the 90’s, the pressures of the complex globalization phenomenon have determined movement of the social responsibility concept towards understanding the social issues, the human rights, improving sustainable strategies or corporate governance codes.

There is another notion that appears along with the social responsibility concept: the notion of sustainable development. Failures in human development appeared, despite of some economic progress (measured in the increase of the GDP) of some developing counties during the development decades (the 6th, 7th, 8th decades) as well as the signals drawn by some specialists (the famous reports of the Club of Rome), have determined the creation of a new concept, to define another way of development. That should have included the human and environmental dimension of the economic exigencies. Sustainable development represented “that way of development that meets the demands of the present generation, without compromising the chances of the future generation to meet their own demands” (Adam, 1990:3).

The article aims a short research concerning the evolution development of the social responsibility concept and the sustainable development, to illustrate the connection of these two notions, that being a first aim of this paper. Interpenetration of social responsibility and sustainable development has been determined by the extremely important role that companies involved in commercial activity have got in order to provide the economic growth and the social progress. Meanwhile, the commercial activity of the companies directly influences the society, affecting it a considerably. The exigencies of sustainable development, combined with the need for economic growth, have determined drawing strategies aiming to harmonize both the economic reasons and the social and environmental concerns.

A second aim of the paper is to point out the way the social responsibility activities of the SMEs interpenetrate with commercial activity and meet the strategies of a sustainable development. In this way, the article presents the results of a qualitative research over a number of 10 SMEs involved in commercial activity from Bucharest to illustrate how, by their social responsibility activities, the companies contribute to the national objectives of sustainability.

The conclusions of this paper identify aspects emphasizing that SMEs involved in commercial activity succeed in targeting the economic objectives, and social responsibility is understood more at a minimal level, that is connected with legal obligations. The way in which the activity of the company meets the demands of a sustainable development represents a diffuse preoccupation, totally subordinated to the objectives of economic performance.
1. Social responsibility and sustainable development: concept evolutions

The link between social responsibility and sustainable development is relatively new and is connected with the conceptual evolution of the two notions. The integration of the social responsibility in the sustainable developments debates starts in the last decade of the last century, together with the two concepts’ orientation to the human dimension and to the reality of the scarcity of natural resources that will threaten the future development of the society. However, the beginnings of the social responsibility concept were connected to the society’s needs. Societal dimension represents, thus, the first common element of social responsibility and of what will be developed latter under the name of sustainable development.

Howard R. Bowen (1953), called „the founding father” of corporate social responsibility (CSR), underlined that social responsibility represents the obligations of businessmen to promote policies, to make decisions or to follow directions that are agreed in terms of values and objectives by our society. By such an acceptation, Bowen wants to point out that business is under the pressure of the society, and the companies’ behavior and ways of operating must be in accordance with the society and companies must also adhere to its moral values.

In the ’60s, the literature about CSR begins to develop. A central element of the social responsibility becomes its voluntary character. The company gets involved socially when the aspects about observing the legislation and rules in force are already met.

In the ’70s, the scientific literature records an important stage in the process of conceptual defining. During this period, there is a movement from the businessman responsibility towards the responsibility of the company. Harold Johnson (1971), not only spreads the social responsibility on the company, but also makes the connection with the stakeholders’ theory. He defines that a company responsible from the social point of view is that whose managers consider the interests of more parties, meaning employees, suppliers, communities and society, not only satisfying the shareholders by substantial profits. A controversial vision comes from the economist Milton Friedman (1970), who argues that the only responsibility of a company is to produce welfare for its shareholders. He puts forth in his article in the New York Magazine, that there is a single social responsibility of a business – to use resources and to get involved in activities oriented to increase profits, taking into consideration the rules of the game, meaning to consider the free competition and to avoid embezzlement and swindle. Another essential contribution comes from Carroll (1979), who offers one of the most quoted definitions in the literature. His definition includes four dimensions of the social responsibility:

- *Economic responsibility* of a company, to produce valuable goods and services for society, so that the company could reward its creditors and shareholders;
- *Legal responsibility*, defined by governmental legislation and the management of a company must comply with;
- *Ethical responsibility*, given by the way the company acts in society, by observing moral norms;
- *Charitable responsibility*, a voluntary element of a company to support the community in which its activity is carried on.
In the 80’s, three large directions are approached in order to define social responsibility. First of all, one develops the debate about the social responsibility nature of a company. Peter Drucker (1984) considers that companies turn a social issue into an economic opportunity and the economic benefits into productive capacities, into human abilities, and well-paid jobs. A second approach is social responsibility as an instrument of management. Epstein (1987) says that CSR is firstly connected with the results of the decision process at an organizational level. The third direction presented in the literature contradicts Friedman’s paradigm of shareholders, offering a larger approach concerning the CSR. The theory of the stakeholders is one of the most important developments of the topic of social responsibility. Friedman and Reed (1983) extend the responsibility area to anyone who has got an interest or a claim from the company.

In the 90’s, social responsibility got a maturity period of its development. In this period, in the definition of social responsibility, the environmental issue was also included. Some authors considered that the term of responsibility was not proper to define that concept, since responsibility is understood rather like an obligation of the company to achieve something, and companies voluntarily get involved in that type of activities. The term of social receptivity of the company was proposed, that notion being considered a dynamic one, also showing the company’s concern to connect to the social needs.

In the Green Paper the European Commission (2001) defines the social responsibility of the company as being a concept by which companies integrate the social and environmental issues in their own economic operations and interacts with the main actors in their field in a voluntary way. Social responsibility is justified, from the economic point of view, in the Green Paper, being specified the fact that social responsibility is a process by which companies control the relationship with those stakeholders able to deeply influence the company, the economic element being also obvious. Thus, social responsibility must be understood like an investment, not like a cost.

Concerning sustainable development, it was approached in the political, economic and social discourse of the 70s, the strongest signal being drawn by the paper “Growth Limits”, elaborated by D. Meadows. Taking advantage of a strong “advertising” by the two oil stocks, the research itself was a real shock. Its main idea was the necessity to change the way of development followed by humanity up to then, due to the fact that the resources, the power resources especially, that was the basis of the whole economic development, were disappearing.

Launched for the first time at the United Nations Conference on Human Habitat in Stockholm in 1972, the concept of sustainable development was recognized 15 years later on the World Conference concerning Environment and Development, when Brundtland Commission published the Report “Our common Future”, an agenda of the issues that were to be changed about the necessity of a sustainable development. Being considered by the most, the birth certificate of the sustainable development concept, it was defined as a way of development meant to meet the needs of the present generation, without compromising the chances of the next generations to meet their own needs (Adam, 1990). The definition is simple, attractive, but evasive in a way, trying to prove too much, but having a loose content indeed. However, that is a concept integrating the environmental issues of development, for the first time being directly presented.
The later completions concerning the sustainable development concept try to materialize more deeply the idea of integrating the environment in the economic and social development. The World Bank (1992:135) defined sustainable development as being “that process by which the policies of development and environment protection are based on a comparison between costs and benefits, so that the environment protection could be provided, simultaneously with the increase of social welfare”. The merit of this definition, comparing with that of Brundtland Commission, is that it introduces the cost element giving a more evident context to sustainable development.

The largest acceptation of the sustainable development implies considering the following elements at least.

A first element is given by the fact that sustainable development is a complex attribute of the development strategy, that should not take the form of a unique scenario and that should be possible from a social point of view but also from a political, ecological and technological point of view, in a given society. The dimensions of sustainable development are both demographic and natural, but also technological. Economic efficiency, economic increase and stability are based on a certain culture and social development, on the resources’ diversity and availability. In its turn, the environment depends on the size of economic activity and on the social development, as it is the case of the society quality resulted not only from the economic efficiency and stability, but also from the quality of the environment. Thus, the interdependence is evident between economic and social aspects and that of environment of development.

A second element is given by the increasing character of the sustainable development that considers both the scientific discoveries and unanticipated risks of the future.

Sustainable development is an all-embracing concept which involves all aspects of human activity and it is also a concept all the nations of the world should be involved in. Thus, both national and international acts should be necessary, as the global issues come from national ones. (Figure no. 1)

![Figure no. 1: Approach of sustainable development concept](image)


Since the year 2000, social responsibility is extended towards more fields, being an element able to meet the needs of sustainable development in society. Thus, the company’s social responsibility gets a long-term projection, the present decision being judged by its foreseen
effects on the future. The pressure of some unfortunate or even catastrophic events determined by the irresponsible actions of some companies (Dow Chemical in Bhopal, India, Shell in Nigeria), the consumers’ pressure as well as the employees’ pressure led to social responsibility’s incorporation in sustainable development.

2. The Research Methodology

The Research Methodology used in this paper is based on searching specialized literature and on a qualitative research based on in depth interviews carried on August – November – 2008 in 10 small and middle companies in Bucharest.

The literature review aimed to illustrate the connection between sustainable development and social responsibility. At the same time, due to the fact that the exigencies of sustainable development combined with the necessity of economic growth determined some strategies for sustainable development, meant to harmonize both the economic reasons and social and environmental ones; it was shortly analyzed the national strategy of sustainable development in Romania.

Concerning the qualitative research, though initially the chosen group was of 30 companies classified in accordance with the legislation, among small and middle companies involved in commercial activity, the managers’ availability to discuss on this subject was limited. The results cannot be extrapolated to the whole collectivity of SMEs involved in commercial activity in Bucharest, but, despite all these, we consider that they can provide interesting information about SMEs behavior in Romania. The chosen group has been selected from a data base purchased from the Chamber of Trade and Industry from Bucharest. The interview lasted around 30 minutes. There were no recordings, neither audio, nor video, managers being already reticent to the discussion itself. Another author participated in the interviews, thus the responses were properly and accurately written.

The structures of the companies investigated was the following one: a consulting company in the real estate field, three retail companies, a consulting services company, three companies in tourism, a company in the software field and a trading company specialized in industrial products.

The interviews lasted about 45 minutes and were conducted based on an interview guide, with the manager (being a shareholder, in 8 cases) and with the marketing director in 2 cases (for the trading company specialized in industrial products and the consulting services company). The subjects debated followed the way their CSR activities meet the national strategy of sustainable development. In this way, the following aspects were targeted:

- To whom a company should be responsible and why,
- How important social responsibility is for the company and why,
- How the company acts in the way of social responsibility and why,
- What are the interviewed one’s opinions concerning the national strategy of a sustainable development,
- The way they consider the company’s objectives can be combined with the sustainability objectives of the Romanian society.
3. The research results

The analysis of the National Strategy for Sustainable Development (H. G. 160-2008) reflects, as stipulated from the very beginning, the European principles and values, due to the statute of Romania as a EU member. The main elements of the National Strategy of Sustainable Development, illustrated for this research, refer to objectives and measures that are to be observed in the next period (short term - 2013; middle – 2020 and long term - 2030).

From the objectives’ perspective, the Strategy puts forth that Romania should have a new philosophy of development, in accordance with its status of EU member. That means, in fact, that Romania should move from a development model based on intensive resources’ consumption and from a damaged natural capital, to a development model generating extra value, based on knowledge and innovation, to greatly contribute to the quality’s improvement of human lives and to the natural environment’s protection and conservation. To aim for this major goal, the whole society and companies should adopt a responsible behavior.

Romania is on the last place in the European Union regarding the standard of living, the pollution level and specific consumptions. Due to this situation, measures stipulated in the strategy aim using the best technologies from the economic and ecological points of view, stimulation of investment decisions from the private capital, introducing eco – efficiency criteria in all the services and production activities.

Another important element of interest for this study is to identify in the strategy the need to find out additional sources of funding for projects in infrastructure, energy, environmental protection, food security, education, and health. In other words, business is identified as an essential pillar in modernizing the Romanian economy, also a contributor and a beneficiary of the effects of development. It must also be recognized that financial resources available are inadequate and that their increase and diversification is a priority for sustainable development of Romanian society.

However, in spite of these real aspects confronting the Romanian society and the business field, the stipulations of the Sustainable Development Strategy are vaguely drawn up, especially concerning the ways in which, for example, private initiative will be stimulated using the best technologies. This rather poetical character of the Developing Strategy raises questions on the capacity of this document to stimulate the business sustainable development, and more than that to be assimilated in the development plans of small and middle enterprises.

Starting from the fact that social responsibility is an essential element of sustainable development, and the national strategy of sustainable development makes direct, but general, references to the way in which business in Romania can contribute to the sustainable development of society, the qualitative research aimed to identify in which way CSR activities meet the requirements of a sustainable development. The deep interviews within SMEs underlined interesting aspects for each discussed issue.

For the first aspect, to whom a company should be responsible and why, the most answers concentrated on shareholders, employees and customers. These categories of stakeholders were mentioned by all the interviewed ones. Also, most of managers (8 persons out of 10)
declared that their company got involved in different social projects or sponsorships, but they "were not understood as a duty, but a voluntary act, motivated by moral and Christian reasons". Concerning motivations, they are strongly linked with the fundamental objective that should be aimed at by any business that is the profit ("a business without profit is a non-sense"), the wish to increase the efficiency of human resources (responsibility for employees) and to create the premises for a good relationship with the customers.

The second subject how important is the CSR and why, all those interviewed argued that social responsibility is very important for their company. For all the interviewed ones, the rule of law represents a fundamental aspect of their responsible behavior. We are citing some of the comments on this issue: "we pay all social contributions, even if we are a small company, we are not like big public companies having debts, and our employees will not miss their retired pay or other rights", "all that we make in company is legal and clear, all is registered in accountancy, we do not do illegal business", were the most frequently given answers. Other companies mentioned some other examples, too, about the importance granted to responsible behavior, emphasizing that those actions, if they are not compulsory are named just because "their company is more than responsible". For example, "we frequently get involved in sponsorship of different actions suitable to the specific of our company".

The third subject debated, "how does the company act in the way of social responsibility and why?" got the answers also previously mentioned. Everybody underlined that the company acted obeying the law, no matter how difficult that could be. We are citing from the interviews: “present legislation could not be considered a support for small and medium enterprises, as they are very rough, however, our company strictly follows the legislation in force; we pay all those stupid duties and we respect some norms even if they are not in accordance with the economic reality”. Moreover, the companies identified actions aiming at the employees (all the companies mentioned the employees as a primary target of their social responsibilities, by team building actions; rewards granted to the most effective employees and some other rewards). For the 10 companies, customers are also very important, companies granting different rewards and information for the loyal customers. We cite: “without customers, we cannot exist on the market, nobody exists; in any kind of business, there is a seller and a buyer”, "you must do something else in competition, to be more flexible, to offer something that the large companies are not able to offer, how else could you resist on the market?". Concerning actions oriented towards the community, 8 (for the software company, consulting, tourism and real estate ones), out of the 10 companies mentioned schools and kindergartens. They want to help education ("education is very poor; we help this field as much as we can, since education is very important") but also because their profile best combines with the structure of their companies (motivation given by the software company, as well as the others).

The following subject of the debate was connected with the opinion of those interviewed concerning the national strategy for sustainable development. Within this subject, the answers varied from opinions such as "some more public money spent on useless documents” to "that is a problem that should be settled by qualified institutions, as we have other target in the economy". It was proved that it was not such an important document for the company as long as it didn’t produce any kind of effect (positive ones) in the company. The following comment was registered, in a form or another, among all responses: “the state should think like the American people, what is good for business is also good for
Romania. It would be better to make a strategy that could help us to pass over the crisis more easily”.

Finally, the last subject aimed to show the way in which the objectives of the analyzed companies are best combined with the objectives of the Romanian society sustainability. Again, like a leit-motif, it appeared the observation that “the sustainable success of an economy is in the health of private sector and that, if private sector goes well, the economy also goes well”. Also, the legislation observation, characterizing all the interviewed companies represents the most important way of contribution to the sustainability of an economy, after getting the profit. Another opinion referred to the fact that (cited from the discussions) “those emphatic concepts shouldn’t be automatically taken over. In Western countries it’s much more easy, for many years, companies have only had to do their job and to observe laws. Now they are imposed to us, being at the beginning, and the same obligations like theirs, who got a certain level of development that we not even dream of!”

Conclusions

Starting with these opinions, results that SMEs are concerned firstly with the wellness of their business and all the other activities are subordinated to the essential objective, respective gaining profit. A first conclusion is given by the result of the specialized literature research, which emphasizes a continuous development, both of the social responsibility concepts and that of sustainable development. For a log period of time, social responsibility was understood like an obligation of the large companies. Lately, more and more approaches begin to focus on SMEs, this being in fact, the engine of any economy. Sustainability cannot be achieved without the contribution of this engine.

Another conclusion reveals the interconnection between the two concepts, as a result of the problem’s complexity facing the society and due to the fact that business represents the engine of economic growth. The importance of business, the special force of many companies, some of them more powerful, in terms of the turnover they have, than the GDP of many countries, the importance of environmental issues and labour ethics led to a more and more integrating approach of the two concepts: “the increasing of market freedom leads to greater responsibility”, said Gno Harlen Bruntland, who is considered the father of the sustainable development concept. From the present study results that in Romania, as in other European countries, the sustainable development involves the integration of social responsibility actions. Unfortunately, this integration is taking place only at the level of discourse and not at the level of actions. Although the CSR is an essential element of the sustainable development, in the National Strategy of Sustainable Development there are not included concrete actions that stimulate enterprises to behave responsibly and the actions that could determine a change in the behavior of these companies, especially SMEs, are not reflected either.

Also, from the qualitative research, one reveals even a lack of interest regarding sustainable development for SMEs. Even if the research hasn’t got results that could be generalized, we consider that the information provided is extremely interesting and useful, offering an image of the way the two concepts, social responsibility and sustainable development, are integrated in the commercial oriented SMEs activity and vision.
At the level of statements all investigated firms are interested in social responsibility. But the concept is understood differently as it is recommended in the literature. Companies understand that by doing their duty they have a responsible behavior and, thus they contribute to the sustainable development. For these enterprises, CSR is largely synonymous with the obedience to the law or PR actions. Analyzed companies understand responsibility, firstly through its economic component (trading goods or services, required by the market and getting profit), then legal (obedience to the law), ethic (a proper behavior with customers, employees, even competitors), and philanthropic (voluntarily, when financial resources permit, to the community). Also, the SMEs’ behavior is in accordance with the liberal vision expressed by Friedman, who holds that the firm’s mission is to get profit and to behave responsibly towards shareholders, this representing the firm’s responsibility to the society. As a manager pointed out, “everything has to be in the benefit of the company, the money cannot be spent without a purpose”. Thus, the conclusion is that CSR is appreciated according to its effects on the company, not on the society. As long as CSR activities are transformed in profits for the company, managers are willing to get involved. That’s why CSR activities are oriented mostly to the shareholders (they have risked and invested in the business), employees (means of large productivity), and customers (without them, the business has no finality).

The term of sustainable development is even more vaguely understood, considered by the interviewed ones as not having real and relevant content for the issues they are face with. The poor economic situation of SMEs involved in commerce greatly influences the other types of activities. The research was conducted before the serious economic crisis, but the investigated companies already felt the first shocks. Companies will sacrify any action of responsibility as soon as their financial resources are diminished, or if their shareholders consider that those shares don’t come back, one way or another, like a profit for the company. It is obvious that the transformation of SMEs into promoters of the National Strategy for Sustainable Development is a too ambitious goal that cannot be realized in the context of a document that is too general and is lacking measures and solutions.

Another important aspect that could be considered a conclusion is that the analyzed companies consider that they shouldn’t be examined based on the same criteria as the large companies. Such a conclusion is also sustained by the specialized literature and can be enclosed to the studies realized among SMEs. The social responsibility of SMEs is still at an investigation level, most of the studies being still concentrated on the developed countries and just a few on emergent or ex communist countries (Perrini, 2006; Jenkins, 2006).

According to the companies, their specific activities, marketing of goods and services, is not an element of differentiation from other activities. As the interviewed states, “all areas have their difficulties, when there is a period of economic growth it is good for all, when the recession starts, it feels all over” or “our duty is to the company (nn shareholders) and to customers. From our taxes are sustained other activities and so you contribute to the prosperity of your country”.

Commercial activity is considered "the first sentinel of the society" as one interviewee said. "Profits are faster, but competition is stronger and the struggle to stay on the market even more fierce” was the comment of a manager. Contribution to sustainable development is reflected, as the respondents consider, in the way in which firms operating in this area "can do their job”. The study found that commercial activity contributes to sustainable
development through capacity of the firms acting in this area to make profits, to obey the law, (even if this is considered burdensome) and to develop actions to the employees and customers the when economic situation allows it. It is obvious that SMEs involved in commercial activity remain dependent upon targets like achieving profit and turnover growth.

The Research Limits

As we have already mentioned, from the very beginning, the sample size and the research character cannot lead to generalizing results. However, the research can generate other new research, thus making connections between previous and future research that can start in the field, based on the conclusions of this study. Moreover, such research is interesting as it approaches a subject insufficiently studied in Romania. The responsible behavior of SMEs is still at the beginning in the specialized literature and any research could be important information to ground a consisting theory concerning social responsibility of SMEs.

The research did not aim to analyze the behavioral patterns of SMEs just because the companies chosen cannot be considered representative for their fields or for other criteria that could be considered (turnover, size etc). This research aims to explore the potential assumptions that can be identified about the way SMEs involved in commercial activity understand social responsibility and how their responsible behavior is linked to the objectives of sustainable development in society.

References


