

The Place of Social Responsibility in the Business Model of A SME

by

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Abstract. Corporate Social Responsibility (CSR) is a concept that is mostly connected to large companies and their sustainability. However, small and medium enterprises (SMEs) also play an important part in a society that is more and more concerned with sustainable development. In this respect, several studies show that the rationale for socially responsible acts, dynamics of the budget allocated, and impacts of these actions differ significantly for SMEs compared to large companies. The question that this article explores is what is the place of CSR concepts in the business model of a SME? Whenever the concepts of social responsibility become part of the day-to-day business of a SME, how do they fit in the business model and what benefits do they bring? Generally, at the SME level the perception of CSR or socially responsible entrepreneurship is not immediately connected with the business model. This article explores the rationale of the socially responsible actions of a Romanian SME and tries to connect these actions with the business model framework of Osterwalder & Pigneur (2010). In a detailed case study we estimate through qualitative and quantitative approaches the impact of the actions undertaken by a SME over a period of five years. The main result is the development of a CSR strategy and the integration of this strategy in the overall strategy of the company via the business model framework. Finally, we sketch further research areas.

Key words: CSR, social responsibility, small and medium enterprises, Romania, business model
JEL classification: M14

1 Introduction

The concept of sustainable development, gaining more and more popularity among politicians, companies and private persons alike, is at the heart of the Corporate Social Responsibility (CSR) concepts. Companies, in their quest to become sustainable, come face to face with the three aspects of their activities that need to become sustainable: profit, people and planet. In this respect, CSR seems to be the most popular term used to refer to the phenomenon of business responsibility to society.

Nowadays, the trend of the companies adopting CSR practices and reporting CSR data is on the rise. According to UNGC (2013), The Global Corporate Sustainability Report 2013 mentions that 8,000 companies in 140 countries have joined the United Nations Global Compact, committing to adopt a principles-based management and operations approach, compared to the initial 40 companies in 2000.

However, the discussion about CSR which was previously primarily connected to large companies and their sustainability is shifting to

include the small and medium enterprises (SMEs) as they play an important part in a society that is more and more concerned with sustainable development. CSR today is not regarded as typical of just economically-powerful companies, but perceived as referring to the building of stable and profitable business for all the involved stakeholders. Keeping this in mind, CSR becomes a modern, more open and flexible way of managing a company. SME should be aware that CSR is not merely an issue of image, a “greening strategy”, but it should be regarded as a business opportunity.

In this respect, several studies (Spence, 1999; Hemingway, 2004; Murillo & Lozano, 2006; Lepotre & Heene, 2006; Ciliberti, Pontrandolfo & Scozzi, 2008; Campopiano, De Massis & Cassia, 2012) point out that the rationale for the socially responsible acts, dynamics of the budget allocated, and impact of these actions differ significantly for SMEs compared to large companies.

Regarding the Romanian business environment, most studies on CSR aspects focus on large companies (Dobrea & Dinu, 2012; Hermana,

Georgescu & Georgescu, 2012; Avram and Avasilcai, 2014).

1.1 Scope and aim of the article

In the context of uncertain macroeconomic conditions, still sluggishly recovering from the 2008 economic crisis, SME managers need to continuously improve the performance of their companies in order to stay in business. In such circumstances, the business model of a company (simply defined as the way of earning revenues) is a crucial instrument of analysing and adapting the business strategy of a company.

Moreover, at the SME level the perception of CSR or socially responsible entrepreneurship is not immediately connected with the business model. If and when this connection is made, the chances of integrating social reasonability ideas in the day to day business increases significantly. Therefore, every manager that is considering the adoption of CSR practices or has already decided on the CSR strategy could link and weave the CSR approach into the business model of the company.

The main purpose of this article is to investigate where does social responsibility fit into the business model of a Romanian SME by exploring the rationale of the socially responsible actions undertaken by the management of the studied SME.

This case study investigates the actions of a Romanian SME over a period of five years and analyses in retrospect the CSR strategy and the impact of the socially responsible acts undertaken by management. Quantitative and qualitative indicators are used to estimate the impact of the socially responsible actions. The main results of the current research exercise are the development of a strategy for CSR for the analysed SME and the integration of this strategy in the overall strategy with the help of the business model framework.

This paper adds to the literature on socially responsible SMEs by offering a comprehensive case study that confirms some hypotheses of previous studies. It also brings new insights

regarding the motivation and behaviour of Romanian managers.

This paper is organized as follows. Section two briefly reports the methodology employed. In section three the literature on SMEs and their CSR activities is reviewed to highlight the characteristics of CSR in the case of SMEs. Section four presents a short description of the company that served as a case study and reports and discusses the results from the current research exercise: the review of the past CSR activities of the company and the newly drafted CSR strategy. Finally, section five highlights the conclusions, meaning the managerial implications of this paper and briefly presents further research suggestions.

2 Methodology

This article reviews a number of previous studies and tries to point out some of the benefits of the CSR strategy for SMEs as presented by the literature.

The main methodology employed to answer the research question is the case study. Moreover, an action research approach is used throughout the research process, as both the researcher and the management team were actively involved in the process of data gathering, data analysis and drafting of the CSR strategy. The research exercise presented in this article is part of a larger project in the company aiming to increase the overall business performance. This project includes the defining of an improved strategy for the social responsibility aspects in line with the overall strategy of the company.

The data was gathered from the accounting systems of the company; from company documentation, including financial statements, management accounting reports and via unstructured interviews with several top management positions within the company. Each of the interviews was conducted at the headquarters of the company and lasted for about an hour. The exact name of the company is not reported due to privacy issues. Quotes are used to illustrate the key research findings as well as to highlight the opinions of the informants on

specific issues. The results of the analysis were provided to the company in the form of a report.

3 Social responsibility of SMEs

In this section, we will look at the aspects of social responsibility in the case of SMEs, starting from the definition of the two main concepts as they will be employed throughout this article: SMEs and CSR, and continuing with the characteristics of the CSR for SMEs and some initiatives that aim to support SMEs in their implementation of CSR in day-to-day business.

3.1 Defining SMEs

There are several ways to define a small and medium enterprise (SME), but this article works with the definition given by the European Commission (2005), that a small enterprise has less than 50 employees, annual revenues of less than 10 million euros and assets amounting to less than 10 million euros. The medium enterprise, as defined by the Commission, has less than 250 employees, annual revenues less than 50 million euros and assets of less than 43 million euros. The company that is represented in the case study is a medium company by the above mentioned criteria.

3.2 Defining CSR

It should be noted that there are several terms used for similar or even overlapping concepts, such as corporate responsibility, corporate social responsibility, sustainable governance, corporate governance, and corporate citizenship. For the purpose of this article, CSR is defined as “*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*” (CEC, 2001, pp. 6).

Initially CSR was perceived as mostly about the social rationale (philanthropy - donating to different causes, relevant or not to company business). Currently the principal focus is the

assessment of the economic foundations and the business cases for CSR and also encouraging the development of CSR practice in a stakeholder oriented culture (Calabrese et. al., 2013).

The concept of CSR implies that organizations have assumed moral, ethical, and philanthropic responsibilities in addition to mere law compliance. In other words, CSR requires companies to adopt a broader view of their responsibilities that involve not only shareholders, but other stakeholders also, including employees, suppliers, customers, the local community, local and national governmental authorities and other special interest groups.

For the purpose of this article, the characteristics of CSR or socially responsible actions (terms that will be used interchangeably in this article) that will become part of the analysis, are:

- responsible business, referring mostly to business ethics, understood as the money, time and human resources spent for better business decisions, including philanthropic actions;
- voluntary initiatives with positive impact, beyond the scope and the provisions of the governmental regulations or contractual terms and conditions;
- actions to benefit stakeholders (including shareholders, employees, the community in which the company is acting);
- environmental protection (minimizing the environmental impact of the company or actions to benefit the environment).

All the above mentioned aspects must be the norm rather than the exception in the behaviour of the company, and they should be part of the day-to-day business practice, and organisational culture in order to consider that CSR is part of the business model of a particular company.

3.3 Characteristics of the CSR for SMEs

In the CSR literature, the attention devoted to the SMEs is increasing in the last years, mostly because the SME numbers and impact on society is considerable (SMEs represent 99% of total number of EU businesses). Moreover, according

to the Annual Report on European SMEs issued by the European Commission (EC, 2013), in Romania, in 2013, the number of SMEs represents 99.7% of the total number of enterprises, employing 66% of the working population, and creating a total gross value added of 26,792 million Euros.

A large portion of the dedicated literature to socially responsible small companies presents the characteristics and approaches to CSR of SMEs (Spence, 1999; Jenkins, 2006; Perrini, 2006). A different stream of studies focuses on the benefits of adopting CSR practices for SMEs (Murillo & Lozano, 2006).

In a study regarding the implication of the size of the company for its business ethics, Spence (1999) mentions the characteristics of the small companies that influence the business ethics behaviours: the fact that they are owner-managed, independent enterprises, multitasking personnel, fire-fighting, and cash limited, personal relationships, and a large degree of informality. Based on this study, it could be concluded that these idiosyncrasies of the SMEs define and shape the approach of the management with respect to the CSR initiatives. Moreover, these factors lead to a very different inclusion of the CSR concepts in the business model in case of a SME compared to a large company.

Jenkins (2006), in a study reviewing several case studies in UK, presents limitations and opportunities for CSR in SMEs. This study looks at key areas such as CSR terminology, the influence of managerial values, the nature of CSR activities, motivation for and benefits from engaging in CSR, and the challenges faced. Jenkins (2006) concludes that SMEs prefer to learn about CSR practices through networking and from their peers and this point is important in the context of further adoption of CSR practices.

3.4 Initiatives supporting the development of CSR for SMEs

Whenever a manager decides to create a CSR strategy, the amount of information available is

impressive. Moreover, considering the significant differences between the large corporations and the SMEs in respect to CSR, the practices of large companies are not easily adaptable to SMEs.

Keeping this in mind, a manager could use the guides and resources designed for SMEs issued by a number of associations, institutions, forums that are promoting the CSR approach to business and supporting its implementation. Some of these initiatives target companies irrespective of their size, while others do have specific resources designed to help the management of SME to implement and improve their CSR actions.

Table 1 below presents a short list of some of these institutions and their CSR agenda and dedicated programs or projects.

The UNIDO initiative – a project named The Responsible Entrepreneurs Achievement Programme (REAP)- aims to help entrepreneurs to understand, assess and report the CSR performance of their company. As part of this program the SMEs benefit from the assistance of an UNIDO consultant (local consulting companies, business associations or business development centres).

Moreover, the REAP program offers a software that the management of a SME can use to assess and report its CSR activities. This software allows for an implementation of CSR practices in an effective financial manner, as well as to generate a UNGC Communication on Progress Report and CSR reports for other interested stakeholders, such as existing and potential business partners, NGOs, financial institutions or government offices. In addition, the software allows for a CSR-related risk assessment, internally as well as along supply chains, and supports strategic performance improvements.

The European Commission publishes a significant amount of information in the form of different reports and documents which provide statistical information regarding the CSR activities of SMEs and also large companies in the European Union.

Other initiatives that support the communication and development of CSR are the conferences and events by CSR Romania and European

Business Ethics Network. Moreover, the awards for CSR actions tend to increase the popularity of these concepts and tend to lead to implementation in more companies.

All the above mentioned initiatives are welcomed, however, accessing and analysing such information requires time from a dedicated employee. It is often the case that there is no such dedicated person in a SME.

4 Case Study: Developing a CSR strategy for a Romanian SME

4.1. Company description: Horeca Expert

The company that is the subject of this case study is a Romanian company, in the Horeca industry, with 100% Romanian capital, based in the city of Constanta. The company – named for the purpose of this article Horeca Expert to ensure confidentiality - has several business lines, such as: import and en-gross commerce of Horeca equipment, furniture and accessories, but also food products (exclusively organic brands) and beverages. Secondary business lines are represented by restaurant business and the service and maintenance of the sold Horeca equipment.

Founded in 1994 as a family business, the company has at the moment 120 employees and in 2013 the annual revenues reached 7.1 million euros.

The vision of the company is to expand in order to become a national company and at the same time be on the best national companies in its sectors. In this context, the overall image and the reputation becomes increasingly important and a more and more valuable intangible asset.

Considering the main lines of business—commerce and restaurants - Horeca Expert is in a business sector that enjoys a general positive perception of society as these activities raise no major environmental issues. The most challenging environmental issues are recycling of packaging and equipment, and fleet management. Therefore, the company does not need a “greening” of the image.

During the interviews and discussions with the management representatives of the company it

was observed that they did not adopt the specific language of the CSR. This is consistent with studies on SMEs (Jenkins, 2006; Murillo & Lozano, 2006) showing that the awareness of specific CSR language is lacking.

Moreover, the CSR strategy or actions of the company are not directly and intently communicated to external stakeholders. Even though Horeca Expert does not report CSR performance, it presents clear signs of adherence to the CSR principles, as the financial data shows (refer to section 4.4) and it could easily report CSR data using for example the UNIDO REAP methodology.

Moreover, there is no dedicated person in the company that does the CSR activities; they arise at the initiative of the owner who is also the General Manager.

4.2 The CSR actions during 2009-2013

In this section we shall review the CSR activities of Horeca Expert between 2009 and 2013, quantified in financial terms.

Following the literature review, a list of indicators was compiled in order to define and quantify socially responsible actions undertaken by the company. The indicators chose were adapted to the specifics of the company and only those for which amounts could be calculated with reasonable effort are presented in the paragraphs below. Also, for the sake of reducing the workload of the researcher and the company personnel involved, a threshold of 100 euros was established for each indicator.

For ease of communication, the CSR actions are grouped and presented in three categories: community/ society, stakeholder and environment. Moreover, chart 1 presents the evolution of the total spending of socially responsible actions (or the *CSR budget*) in the same three categories. The following three subsections of the paper will present these actions and in more detail.

As the data shows, the CSR related expenses are positively correlated with the revenues of the company. Moreover, during 2010 and 2011, when the company registered lower revenues due

to the effects of the economic crisis, the overall CSR expenses also decreased, in a higher proportion than the revenues, as drastic cost reduction measures were in place to ensure the liquidity of the company.

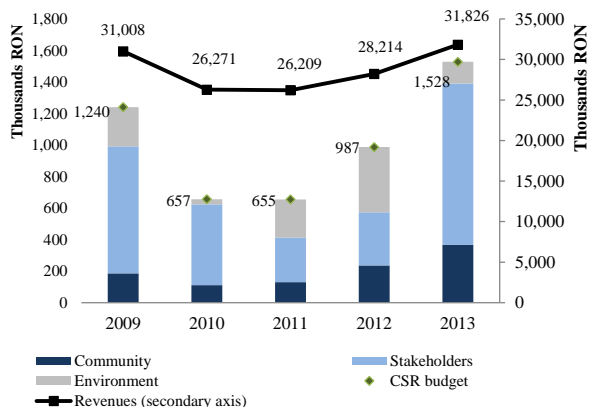


Figure 1. The evolution of the CSR budget between 2009 and 2013 at Horeca Expert

As it could be concluded from all the interviews with the company management, the main drive for all the CSR actions is internal and not external. The head of Development Department stated that “We do it because we see sense in it” and the HR Manager emphasized that “We think of these actions as sound organisational culture.”

4.2.1 Community/society

This category includes donations and all other expenses that are not connected directly to any of the business activities of the company, meaning any expense incurred not for the sake of business per se. In the analysed period, this category of cost represents on average 20% of the CSR budget.

The management of the company considers that the company they manage should primarily be a net creator of value in society by being a successful company that employs people. “We have expanded steadily in the last years; the number of employees is growing again after the 2008-2009 period” (General Manager). This also explains why most of the expenses that have a CSR aspect incurred by the company make

business sense and are less of a philanthropic nature.

In 2010, during a major flood in Romania, the company sent water and food supplies to the flood victims. Moreover, another philanthropic action that a company undertakes is supporting a local orphanage, by sending food products twice a year, on Christmas and Easter.

The overall budget for the philanthropic activities (between 2009 – 2013) reaches the maximum tax deductible limit of 20% of the profits of the company, and the amount is allocated to the most relevant cause at the particular time of the decision.

Another example of civic action in the company is the 2% campaign (2% of the taxes each person contributes can be reallocated to a NGO or institution chosen by the natural person taxpayer) for support a case each year. This action does not involve a financial stream from the company, but rather a mobilization of the accounting department to prepare all necessary documentation and raising awareness among employees about some causes that they can support with their tax money. Over the years the company employees sent their 2% of taxes to the Romanian Red Cross, SMURD (emergency medical assistance), local organizations and research institutions.

4.2.2 Stakeholders

This category includes expenses with training of personnel (additional medical insurance and medical check-ups, company events dedicated to the personnel, non-cash benefits of personnel – such as reductions for company sold products, possibility to pay for products in annuities without interest) and client related expenses (costs not included in the marketing budget with positive impact on the relationship with the clients).

At Horeca Expert, the top management is highly aware of the importance of personnel- viewed as a vital component of their business as the company has close ties with the hospitality industry and also a large sales team. “We are in the hospitality business. Our employees must be

motivated in order to create the best possible venue for our clients.” (General Manager) Therefore, most of the CSR spending (on average 57% of the total CSR budget in the last 5 years) is connected in one way or another with the employees, as a stakeholder.

The company has a yearly budget for trainings, career development goals and programs, facilitating kindergarten services, partnership with the local university to create summer jobs and internships for students, social events for staff, appraisal and feedback from personnel, facilitating accommodation for temporary personnel (during summers, when the tourist related activity of the company increases significantly), annual medical check-ups and additional medical services. It is worth mentioning that 60% of the personnel employed only during the summer period are represented by same people as the previous years.

As the company’s mission is striving for business excellence, the organizational culture is that the company must develop a long term partnership with customers and suppliers. The company has created additional services for some of its clients that are offered free of charge (e.g. consulting on the design of coffee shops when purchasing equipment) because it makes business sense and promotes the reputation of the company. Even though this type decision of providing additional services is a decision taken to ensure the company success on the market, these actions have positive externalities for the client. “Part of the way of doing business is supporting our clients, because without them, we cannot be successful. Our job is to bring them the products that help with their success” (General Manager). The Human Resources (HR) department has several initiatives that monitor the degree of motivation and satisfaction of the personnel. The most important result of the HR policies implemented is the very good reputation the company has on the market as a desirable employer. For example, in the case of cooks and bartenders, being employed by Horeca Expert is equivalent with getting the best training available on the local market. “Former employees of the company can easily get employed elsewhere as

they are actually sought out by the competition or our clients” (HR Manager).

Perrini (2006) suggested the SMEs responsible behaviour is focused primarily on internal stakeholders. Horeca Expert has focused its CSR activities mainly on employees. The idea that investing in employees is the only way to go is part of the organizational culture. Even though at the beginning of the exercise the management did not have a clear estimation in financial terms of how much the company was already spending for personnel satisfaction – by the end of the exercise it was decided that the budget dedicated to these activities will be maintained and even increased for some activities such as personnel training (correlated also to other decisions of the management, such as business continuity and not purely from a socially responsible motivation).

4.2.3 Environment

This category includes expenses for environmental protection and improving the environmental performance of the company, such as fleet management, energy efficiency, recycling.

This category was quite volatile in the period, with high increases in the 2011-2012 period were a lot of investments were made to improve the environmental performance of the company (monitoring devices for the fleet, reducing fuel consumption for sold unit of equipment, upgrading of the recycling facilities, training for personnel with regards to environmental issues, energy efficiency improvements). During the analysed period these cost represented 23% (on average) of the allocated CSR budget.

The owner-manager of the company decided a few years ago, that for the sake of excellence, the only food products sold by the company will be organic agricultural products (food and beverages). Although the company is working at the moment with producers from abroad, they intend to find local organic producers and partners. This type of decision has implications also on the value chain – the clients of the company that buy organic products, support this type of agriculture and the environment. The

impact of such a decision is difficult to quantify, but it can be considered as a socially responsible action as organically produced goods have a lower environmental impact during the production stage and are better for human consumption as they are free of pesticides.

Regarding the measures taken to reduce the environmental impact, the company implemented ISO 14001:2004 standard, implementing fleet management measures, car-pooling for employees, employees working from home when possible, and recycling campaigns for the employees of the company. Over the years the absolute quantity of recycled waste increased and no fines were received from environmental authorities as the relevant regulations were strictly applied.

4.3 Impact of the company's previous CSR actions

In this section we will take a look at the ways in which CSR actions create strategic benefits to the organization, even though the impact of these particular actions is not easily and readily quantifiable, on the short term. The conditions in which the firm jointly serves its strategic business interests and the societal interests of its stakeholders can be assessed only on a case by case basis.

The literature mentions that CSR implementation leads to several advantages for the company, including increase in reputation of the company in the community and the improvement of the image of the owner-manager, increase in loyalty in the context of a general improved relationship with all stakeholders and the community in which the company acts (Vives, 2006; Worthington et al., 2008), reduction of costs and increased efficiency (Jenkins, 2009; Russo & Tencati, 2009).

While it is true that Horeca Expert has a good reputation on the market as both desired employer and respectable business partner, the management does not attribute this fact to the CSR practices. They see the reputation as a result of their commitment to excellence, part of their

value proposition for their clients. Moreover, the constant strive to reduce costs while maintaining or increasing the quality of services offered by the company is also seen as a fundamental principle in the day-to-day business practice. The managerial team at Horeca Expert sees quality of their services and products as fundamental to doing business, even though it has also other implications, such as CSR. This argument is supported by the implementation of the ISO 9001:2008 standard and the continuous improvements of the quality management system documented in the internal audits and action plans.

According to the study of Dyer (2006), family firms have some advantages in developing social capital between the family and employees, since they typically create long-standing relationships and employees are more likely to develop personal attachments to a family that owns and operates a business, rather than to an impersonal firm. This is also the case as most of the middle management positions of Horeca Expert are occupied by personnel who developed as a professional along with the company's growth. As reported in the literature, especially for family firms, whose owners consider good relationships with proximate stakeholders as strategic for their business (Uhlener et al., 2004), the Management of Horeca Expert places a great deal of importance on the personal relationship with the business partners. It should be mentioned here that Constanta city has a population of approximately 300.000 people, and the size of the business community allows for direct interaction of the management with both competition and most potential clients. Once more, previous results can be confirmed in the current case study.

Campopiano, De Massis & Cassia (2012) in their study of the CSR in small and medium-sized family vs. non-family businesses in Bergamo, Italy came out with a few relevant conclusions for the current study. According to the above mentioned study, the small- and medium-sized family firms appear to be really tied to the surrounding community and pay special attention to their proximate stakeholders. The

findings at Horeca Expert are in line with this conclusion.

Moreover, Campopiano, De Massis & Cassia (2012) concluded that SMEs do not adopt formal tools to accomplish CSR activities, do not report what they realize, are engaged in social action as long as the firm owners care, and build strong relationships with the surrounding community. This is also true for Horeca Expert as most CSR actions were initiated at the top management level, which is represented by the owners of the company.

Other academics believe that SMEs have a tendency to commit themselves to social responsibility for its own sake and do not seek to use it as a method of advertising themselves or as part of a PR exercise as is often the case in large companies (Jenkins, 2006). This result is also confirmed by the present case study as the company does not publish any CSR data or use these actions in any way outside the company.

In the big picture, some of the benefits as a result of the CSR actions are quantifiable, however, most of them are soft or intangible either because they cannot be measured or the effects cannot be proved absolutely (e.g. improved image, reduced employee absenteeism, better employee health). Moreover, the first assessment of the CSR actions benefits for the company was developed during the current exercise. More relevant information will be obtained with the monitoring of the above mentioned indicators over the next years in contrast to implemented measures.

4.4 CSR in the business model of HoReCa Expert

At the beginning of this study the top management of the company did not have a coherent CSR strategy but was eager to see how their company performs and agreed to working on a medium-term strategy together with the researcher. Nor did the management considered the CSR actions as part of their business model. However, the business model can be very good tool to design, adjust and communicate the strategy of a company. Therefore, the clear

integration of the CSR actions (past, current or future) in the overall business strategy can be beneficial to the company.

The framework used in this paper to discuss the business model is the business model canvas developed by Osterwalder & Pigneur (2010). The concept of the business model these authors propose is defined by nine key elements: *Key partners, Key activities, Key resources, Value proposition, Customer relationship, Channels, Customer Segments, Cost Structure and Revenue streams*.

In the following paragraphs we shall discuss the elements of the business model, in the Osterwalder & Pigneur (2010) framework, that are relevant from the perspective of the CSR actions of Horeca Expert. These elements are: value proposition (the bundle of products and services that create value for a specific customer segment), key resources (resources that are necessary to create value for the customer), and cost structure (the monetary representation of all the means employed in the business model).

The personnel are one of the key resources of Horeca Expert. The management decided to maintain the strategy of intensively training and investing in the development of the employees in order to increase the overall business performance.

Regarding the value proposition of the company, three aspects are relevant for the CSR point of view: organic products, business excellence culture and commitment of the company to CSR concepts.

The company chose to work only with suppliers of organic products as this differentiates it from the competition and. Moreover, the company is planning on expanding the list of organic suppliers to include local ones, if these can offer an acceptable quality level. This will have a positive impact on both environment and local business.

After this exercise, the management decided that the commitment of the company to the CSR concepts should explicitly become part of the value proposition by externally reporting the CSR data. This decision was made as communication of the CSR action could

contribute further to the reputation of the company. Plans were drafted for creating a short version of a CSR report to be published on the company's website.

The business excellence aspect is represented by the decision to create a quality culture in the company following the implementation of the ISO 9001:2008 and ISO 14001:2004 standards. This was based on a purely business oriented rationale, but also is relevant from a social responsibility point of view. As future plans and targets, the company will assess next year the impact and the potential benefits on implementing also ISO 26000: 2010 on Social responsibility.

The implementation of these standards also impacts the cost structure of the company (as an element of the business model), as quality costs are better defined and quantified. Moreover, a correct allocation of all the CSR expenses in the appropriate costs centres is important for an accurate quantification of the profitability of different business segments.

With respect to the cost structure, as a result of the current exercise, management decided to solicit a new assessment of the environmental costs incurred by the company. The fleet management cost structure is under scrutiny in order to gather all data necessary for a cost benefit analysis that will be used for further decision making.

As a result of this research exercise, the management team in Horeca Expert acknowledged an increase in the level of awareness of CSR in the Romanian business and identified the benefits of CSR actions as improvement in the image of the company, both internally and externally. In addition, the linking of the CSR actions to the strategy of the company was a point very well received.

5 Conclusions

This article aimed to identify the place of CSR in the business model of a Romanian SME using the Osterwalder & Pigneur (2010) framework for business models. As presented in the analysis section, this research exercise identified the CSR

aspects in following elements of the business model: the value proposition, the key resources, and the cost structure.

The most important observation of this study is that by applying the CSR framework at Horeca Expert, the management understood that CSR constitutes another framework, another way of looking at the actions undertaken, and seeing the results from other points of view, not just in financial terms. The main motivation for most decisions of the management team is the success of their business, even though they were glad to find out that they could present their actions in a better light to both internal and external stakeholders.

At the end of the day, the CSR-like actions undertaken by the management of this company are linked to the strategic decision making process (as reflected in the business model) and are heavily influenced by management's values. In this particular case, CSR actions are adjacent to good business practice. The management tries to take the best decisions for its main business, integrating from time to time philanthropic actions and devoting substantial attention and resources to its main stakeholders (employees and clients).

The results of this case study seem to be in line with findings of Castka et. al. (2004) that points out that the CSR agenda serves as a vehicle for business improvement and building of the competitive advantage of SMEs.

A natural continuation of the research presented in this article would be to investigate the way CSR integrates in the core business practices of SMEs in more business sectors in Romania.

Further matters of investigation would refer to the transfer of the socially responsible behaviour along the supply chain for the SMEs, continuing in the direction drafted by Ciliberti, Pontrandolfo & Scozzi (2008) and investigating the situation in Romania. In Romania, to the best knowledge of the author there are no studies assessing the power and influence of SMEs on their suppliers.

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