Relationship between Corporate Social Responsibility and Entrepreneurship - Evidence from Romanian Entrepreneurs

Alina Iuliana TĂBÎRCĂ¹,
Oana Raluca IVAN²

¹ "1 Decembrie 1918" University of
Alba Iulia, Alba Iulia, Romania,
alina.tabircă@uab.ro.

² "1 Decembrie 1918" University of
Alba Iulia, Alba Iulia, Romania,
raluca.ivan@uab.ro.

Abstract: Nowadays, one of the essential issues of any business is represented by CSR. Corporate Social Responsibility is also known, from a European view, as the “Responsible Business Conduct” of everyone, and so this paper highlights the importance of being responsible from early beginnings. Being actual “revolutionary forces”, entrepreneurs contribute to national wealth and growth, job creation, productivity stimulation, adaptation and innovation to meet ongoing changes in market demands. We analyze the conduct of young entrepreneurs and discuss their knowledge in the matter of CSR. We ask young entrepreneurs: What type of CSR actions their firms undertake? How their age and size of the firm influence CSR actions? Their answers are to be analyzed and discussed in a broader context as one of the European Union. Measuring CSR awareness among young entrepreneurs shows a significant increase at a macro level but still a low rate when looking at other UE countries. Our findings prove that entrepreneurs are aware of the concept and dimensions of CSR, but still, profit is more important. We conclude and highlight the importance of productive entrepreneurial activities supported by integrating CSR actions into the company’s strategy and development directions to ensure the balance between the company’s objectives and its interests.

Keywords: *Corporate Social Responsibility, Entrepreneurship, Responsible Business Conduct, profit, company’s objectives*

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1. Introduction

Over the last few decades, a great deal of attention has been placed on the concepts of Entrepreneurship and Corporate Social Responsibility, which today became the battlefield of some debates, analysis, critique, and theory-building.

Young Entrepreneurs' interest in societal participation - community outreach has existed for quite some time, but the real understanding has been more in theory. Thus, these days, in theory, and practice the social participation of economic entities consists, preferably in imposed models, rights, and legislative obligations. We identify a new approach to social responsibility, a method by which businesses recognize their role and, in particular, the impact they have on the economy but especially in society [9]. The new economic conditions, and in particular, the emergence of the pandemic, have had a devastating impact on the behaviors of companies. The company, through its managers, must understand that in addition to seeking profit, it has social responsibilities towards its employees but especially towards the environment [14].

CSR has developed beyond theory and practice, philanthropy, money donations, and charitable activities. Thus, it becomes an active option to include stakeholder interests, maintain competitive advantage, and link company objectives with long-term strategies. Moreover, CSR becomes an object of study of fierce public debate and political action. With the redefinition of values and the understanding that the creation of wealth must go hand in hand with the production of social goods and environmental services, the world must change and integrate new concepts and affiliate to "doing good", not "doing better" [15].

2. Problem Statement

To better understand the two concepts: entrepreneurship and CSR, we undertook a detailed analysis of the theory published up to this date. The research was made in Web of Science platform. We also analyzed how much the two concepts intertwine in the literature today, especially considering that lots of debates on entrepreneurship and entrepreneurial environment are taking place.

2.1. The theoretical approach of entrepreneurship in Romania

The premise of entrepreneurship dates back to the 19th century with the transition from putting out to factory system when all the means of production were gathered in one place whose owner had to manage his

relations with his partners and his competitors. Entrepreneurship covers the creative phase, but also the start-up phase, where the company begins to operate and must ensure its sustainability and the growth phase [8]. It may also be the takeover of an existing business.

Entrepreneurship is one of the most researched concepts in Romania's published articles available online because it has implications in many areas. As we can see in Table 1. more than 37% of the public research in WoS are in the Management field. Still, the concept has implications in more than 22 research areas.

Table 1. Analyze of WoS articles that contain in Topic “entrepreneurs” and “Romania”

WoS Categories	No. art.	%	WoS Categories	No. art.	%
Management	108	37.24%	Operations research	7	2.41%
Economics	83	28.62%	Automation control systems	6	2.07%
Business	82	28.28%	Engineering industrial	6	2.07%
Educational research	38	13.10%	Geography	6	2.07%
Green sustainable	19	6.55%	Computer science AI	5	1.72%
Social sciences interdisciplinary	17	5.86%	Computer science ICT	5	1.72%
Environmental sciences	15	5.17%	Computer science interdisciplinary applications	4	1.38%
Environmental studies	14	4.83%	Development studies	4	1.38%
Business finance	13	4.48%	Area studies	3	1.03%
Regional urban planning	12	4.14%	Engineering mechanical	3	1.03%
Agricultural economics policy	11	3.79%	Engineering multidisciplinary	3	1.03%
Engineering manufacturing	9	3.10%	Hospitality leisure sport tourism	3	1.03%
Political science	8	2.76%			

Source: Analyze made by authors with data from WoS

Entrepreneurs stimulate existing companies to innovate and improve their products, ensuring their profit, and increasing the level of satisfaction and, implicitly, the standard of living of consumers [5]. An entrepreneurial economy is characterized by intense competition and the fact that new economic operators are continually emerging that are taking less efficient companies off the market [12]. The modern global economy, the knowledge-based one, is one in which a selection of the most innovative economic agents and the most profitable companies is made, with entrepreneurs forcing each other to generate new products at all times to remain competitive [10].

In the entrepreneurial society, success results from innovations, not optimizations; profit is achieved not by doing what you know best but by addressing, and ideally exploiting successfully, what you know the least [1]. In an entrepreneurship society, learning is necessary to make individuals proactive, adaptable, and more efficient. Entrepreneurs are agents of change who understand that the future cannot be shaped, systematized, or institutionalized [4]. They are enterprising enough to offer all kinds of innovations that ordinary people adopt because they find useful. The entrepreneur is the single person responsible for establishing the company's vision, objectives, and strategies, which are essential for the survival of any company [13].

2.2. The theoretical approach of CSR in Romania

From a company perspective, increased competition and lack of formalized business regulations are no longer allowed to do business only for-profit but to pay special attention to the community and its need. If companies fail to consider social life, the environment, and the quality of labor in their daily activities, customers will switch to competitors' products or services. For this reason, Romanian entrepreneurs cannot achieve sustainable competitive advantages. Most recent corporate scandals point out the particular relevance of social activities somewhat integrated into early economic beginnings. We emphasize the importance of CSR actions from the establishment of a company [2].

In Romania, the concepts of CSR and corporate social performance were commonly introduced to present some responsibilities that go beyond their legal requirements. Throughout history, there is a multitude of definitions of CSR. The evolution of CSR purpose is based on social, political, economic, and environment-friendly dimensions. The most broadly discussed issues related to social responsibility include matters as sustainable development, business ethics, environment, welfare, philanthropy, human rights, corruption, environment, economy, legality, and so on. An exhaustive

concept of CSR refers to how firms respond to social and environmental concerns in business operations and interactions with stakeholders [3].

The European Commission defined in 2015 - CSR as being the behavior of organizations that have an impact on the social, economic, and environmental environment [6]. CSR is not only charitable donations but represents (in part or in full) the benefits of society and general interests, social well-being. The best worldwide known CSR theoretical models are Carroll's pyramid and the Triple Bottom Line (TBL) [11].

One of the most popular, theoretical approach in the CSR matter is represented by "The Pyramid of Carroll", which ranks on four levels the responsibility of a business, from the obligation to be profitable, the "foundation on which all others rest", continuing with the obligation to comply with the law, followed by the "obligation to do what is right and just" and ending with the recommendation of "being a good corporate citizen" contributing resources to the well-being of the community [7].

Types of social responsibility actions to take into considerations by entrepreneurs:

1. Environmental responsibility (for example, air pollution, greenhouse gas emissions, precarious use of natural resources).
2. Human rights responsibility (for example, equal pay for equal work, fair trade practices, and disavowing child labor).
3. Economic responsibility (for example, using newer manufacturing technology to minimize wastage).
4. Philanthropic commitment (for example, supporting health initiatives, donating to causes, funding educational programs, and supporting community beautification projects).

We undertook an advanced analysis of the articles available online in WoS database that contain in topic the word CSR and are from Romania (mainly Romanian authors) to see how the Romanian researched evolved in time (Table 2).

Table 2. Analyze of WoS articles that contain in Topic "CSR" and "Romania"

WoS Categories	No.	%	WoS Categories	No.	%
	art.			art.	
Management	64	43.24%	Hospitality leisure sport tourism	3	2.03%
Economics	56	37.84%	Regional urban planning	3	2.03%
Business	51	34.46%	Engineering	2	1.35%

Business finance	17	11.49%	chemical Mathematics interdisciplinary applications	2	1.35%
Environmental sciences	12	8.11%	Metallurgy metallurgical engineering	2	1.35%
Environmental studies	10	6.76%	Architecture	1	0.68%
Green sustainable ST	10	6.76%	Area studies	1	0.68%
Social sciences interdisciplinary	10	6.76%	Computer science AI & others	6	4.05%
Education educational research	6	4.05%			
Ethics	4	2.70%			
Automation control systems	3	2.03%			

Source: Analyze made by authors with data from WoS

Tables 2. shows us that Management is still the research field that dominates in WoS with more than 43%. The concept is less spread in domains, but we consider it very important in nowadays research topics.

Finally, we undertook the third search in WOS on published and indexed articles that include in the topic the word “entrepreneurship” and “CSR”, this time World Wide and it shows us that there is a boom after 2000 (Table 3.).

Table 3. Analyze of WoS articles that contain in Topic “CSR” and “entrepreneurs”

Year	No. of articles topic “entrepreneurs”	No. of articles topic “CSR”
2019	2442	1398
2016	1549	826
2012	1008	470
2008	556	300
2004	266	134

Year	No. of articles topic “entrepreneurs”	No. of articles topic “CSR”
2000	154	75
1993	36	34
1988	41	5
1983	19	7
1978	13	4

Source: Analyze made by authors with data from WoS

Table 4. Descriptive statistics

Topic "entrepreneurs"		Topic "CSR"	
Mean	608.4	Mean	325.3
Stand. Err.	260.009	Stand. Err.	145.838
Median	210	Median	104.5
Stand. Dev.	822.221	Stand. Dev.	461.182
Sample Var.	676048.711	Sample Var.	212689.6
Kurtosis	1.689902	Kurtosis	2.5661
Skewness	1.534294	Skewness	1.7234
Range	2429	Range	1394
Min.	13	Min.	4
Max.	2442	Max.	1398
Sum	6084	Sum	3253
Count	10	Count	10
Conf. Level (95.0%)	588.1820	Conf. Level (95.0%)	329.9103

Source: calculated by authors with Excel

The above descriptive statistics are showing the same trend that the research on entrepreneurs and entrepreneurship is more abundant than the one on CSR. But still, there is a trend that follows both concepts (Table 4).

3. Research Questions/Aims of the research

Starting with the theoretical background, this study aims at analyzing the correlation between the actions undertaken by entrepreneurs in

Dambovită County in matter of CSR. We focus on investigating the age of the firm, the knowledge on CSR of the entrepreneur, and the relationship between the age of the entrepreneur and the firm's action regarding CSR. Thus, we ask the following research questions:

Q1. Does the age of entrepreneurs influence the ability to understand the concept of CSR and involve the company they lead in CSR-specific activities?

Q2. Is there a direct link between the company's dimension and its CSR activities?

Q3. Is there a directly proportional link between profit and the company's actions on social responsibility?

4. Research Methods

These issues stated by the research questions were analyzed based on the results of a questionnaire conducted among 50 SMEs from Târgoviște, Dambovită County, Romania. We collected data through an online and telephonic survey from May-June-July 2020.

Our questionnaire consisted of 10 simple questions. In the next table, we describe essential variables.

Table 5. Short Description of variables used in the study

No.	Variable	Description	Measures	
1.	Year of Founding	Indicated the year when the firm started. Old means before 2012 and new means after 2013	Mean	2007.94
			Standard Error	0.971
			Median	2010
			Mode	2010
			ST	6.870
			Sample Var.	47.200
			Kurtosis	-1.263
			Skewness	-0.048
			Range	23
			Minimum	1996
			Maximum	2019
			Sum	100397
			Count	50
			CL (95.0%)	1.952
2.	No. of Employees	Indicates total no. of employees, end of 2019.	Mean	27.54
			Standard Error	5.985
			Median	10.5
			Mode	6

			S D	42.32
			Sample Var.	1791.028
			Kurtosis	8.934
			Skewness	2.829
			Range	218
			Minimum	2
			Maximum	220
			Sum	1377
			Count	50
			CL(95.0%)	12.027
3.	Turnover Thousand Ron	Indicated the firms' turnover from 2019 financial Statements.	Mean	6747.3
			Standard Error	1466.332
			Median	2572.5
			Mode	1470
			ST	10368.534
			Sample Var.	107506514
			Kurtosis	8.934
			Skewness	2.829
			Range	53410
			Minimum	490
			Maximum	53900
			Sum	337365
			Count	50
			C L (95.0%)	2946.704
4.	Age of entrepreneu r	Indicates the age of the respondent (in this case, only the founding entrepreneur).	Mean	42.62
			Stand. Error.	44
			Mode	55
			SD	11.631
			Sample Var.	135.301
			Kurtosis	-1.227
			Skewness	0.0119
			Range	40
			Min.	23
			Max.	63
			Sum	2131
			Count	50
			CL (95.0%)	3.3057
5.	CSR activities	Indicates if the firm is involved in CSR activities (answers are 1-	Mean	0.58
			Standard Error	0.0705
			Median	1

Yes and 0-No) and also states since when it begins to be involved in such activities.	Mode	1
	SD	0.498
	Sample Var	0.248
	Kurtosis	-1.968
	Skewness	-0.334
	Range	1
	Min.	0
	Max.	1
	Sum	29
	Count	50
	CL (95.0%)	0.141

Source: data analyzed with Excel

All analyzed firms were SMEs from Targoviste, Dambovită County. The average number of employees was 27, standard deviation of 42.32, a minimum of employees of 2 and maximum 220. The oldest firm was from 1996 and the newest from 2019. The older firms were the ones with more employees, and the newest one has had fewer employees.

5. Findings

We started the questionnaire with general questions about the firms' activity and some questions regarding the CSR activity. Due to the pandemic and the alert situation that Romania is currently facing made us simplify the questionnaire to be brief and focused on the primary purpose.

Our first question was, "Do you undertake CSR actions?". Many of the responders asked additional questions like, "What do you mean by CSR actions? Be more specific!" Even though we intended to find out only in number if the firms activate in the Social Responsibility area, we had to explain what kind of CSR actions we are analysing (Figure 1.).

Figure 1. Number of firms that undertake CSR activities

Source: authors' contribution

Even though 58% of the firms responded affirmatively to the fact that they undertake one of the CSR actions, having 42% of firms that do not undertake a CSR action, it is not good. The good part is that most of the 29 that responded affirmatively undertake more than one CSR activity.

We questioned the entrepreneurs: what kind of CSR activities your firm is undertaking? a) Environmental responsibility; b) Human rights responsibility; c) Philanthropic responsibility; d) Economic responsibility. With the possibility of multiple choice (Figure 2.).

Figure 2. Types of CSR activities undertook by analyzed firms

Source: authors' contribution

Analyzing the data collected from the questionnaires, we discovered the following:

- most of the new firms are reluctant to the CSR actions;
- some of the older ones are involved in more than one type of activity;
- some of the new firms with young entrepreneurs in charge are concentrated more in the philanthropic responsibility.

To better understand the impact of Social Responsibility Actions of firms, we constructed two linear regression models that include the year of firms' founding, the turnover, the age of the entrepreneur, and the CSR actions level.

1. Linear regression model explaining the CSR actions and year and size of analyzed firms. Results are as follows:

SUMMARY OUTPUT

<i>Regression Statistics</i>						
Multiple R	0.39					
R Square	0.15					
Adjusted R Square	0.11					
Standard Error	0.47					
Observations	50.00					
ANOVA						
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Signif. F</i>	
Regression	2.00	1.82	0.91	4.12	0.02	
Residual	47.00	10.36	0.22			
Total	49.00	12.18				
	<i>Coeff.</i>	<i>Stand. Err.</i>	<i>t Stat</i>	<i>P-val.</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
-						
Intercept	60.85	23.59	-2.58	0.01	-108.31	-13.39
year of founding	0.03	0.01	2.60	0.01	0.01	0.05
no. of employees	0.00	0.00	2.45	0.02	0.00	0.01

Source: calculated by authors with MSOffice, Excel

The R-Square represents the percent of the variance in the outcome variable that is explained by the set of predictor variables. In our case, only 15% of the variables Year of Founding and No. of employees are explained. Thus, there is no correlation between the CSR actions of the entrepreneurs and the size and age of the company.

A p-value of less than 0.05 is statistically significant and indicates strong evidence against the hypothesis, and therefore we reject the null hypothesis.

2. Linear regression model explaining the CSR actions and turnover of the company. Results are as follows:

SUMMARY OUTPUT

<i>Regression Statistics</i>						
Multiple R						0.534
R Square						0.285
Adjusted R Square						0.239
Standard Error						0.434
Observations						50
<i>ANOVA</i>						
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>	
Regression	3.00	3.48	1.16	6.13	0.00	
Residual	46.00	8.70	0.19			
Total	49.00	12.18				
	<i>Coeff.</i>	<i>Stand. Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	37.953	39.834	0.953	0.346	-42.229	118.136
Age of Entrepreneur	-0.033	0.011	-2.966	0.005	-0.055	-0.011
Turnover	0.000	0.000	2.690	0.010	0.000	0.000
Year of Founding	-0.018	0.020	-0.916	0.365	-0.058	0.022

Source: calculated by authors with Excel

The negative values for the age of entrepreneurs show us that the younger the entrepreneur, the more incidence to undertake CSR actions. Also, the negative values for the year of founding indicate that companies undertake CSR actions from the early beginnings and are more open to such activities.

6. Conclusions

Our study proves that theoretical research in the field is abundant and follows a linear trend. The questionnaire analyses proved not to be

linear. There are different approaches to CSR actions between the newer established firms (after 2013) and the older ones (before 2012). While older firms are more committed and investigate the benefits of CSR deeply, the newer ones are more superficial in researching these aspects. Still, some of the new firms with younger entrepreneurs in charge scored higher and were more opened in undertaking CSR actions, even if the turnover is significantly low.

Overall, the analysis proved us that the age of entrepreneurs has an insignificant influence on the ability of entrepreneurs to understand the concept of CSR and the involvement of the company in CSR- specific activities. Following up, we found no direct link between the size of the company and its CSR activities. The third questions answer that the profit does not positively influence the undertaking of CSR actions. Still, the age of entrepreneurs remains a factor of influence because younger entrepreneurs were more open to CSR activities.

The entrepreneurs that responded to our questionnaire are conscient still more essential steps to be made, especially in the matter of business performances and sustainability. Another particular aspect of our analysis was that the entrepreneurs' financial aid is coming mostly from banks, not the state; even though the presence of business angels was fairly noted, still their financial impact remains insignificant.

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