

# SYNTHESIS OF RESULTS OF QUANTITATIVE AND QUALITATIVE RESEARCH METHODS ON CORPORATE SOCIAL RESPONSIBILITY OF SME'S IN ROMANIA

**Assist. Prof. Dr. Edit Veres**

Partium Christian University, Oradea, Romania

## ABSTRACT

The motivation of the research is to contribute to the exploration of the CSR activities of Romanian companies, especially for SMEs, through explanatory and descriptive research, to enrich the managers' knowledge of CSR, how to act more effectively in this field. The results of the research can contribute to establishing a model that can help managers of SMEs who have not defined and applied CSR tools. However, it can also serve as a basis for companies that already have a social responsibility in their activities. For the empirical analysis of the CSR activities of small and medium-sized enterprises, I used quantitative research tools in the framework of primary research. This method has proved to be a good way to get to know the thinking, opinion process and attitude of respondents. From a list of over 500 companies, 75 companies have been surveyed.

The research is based on three main pillars. In the first part, I examined the corporate characteristics and the demographic characteristics of the company managers. In the second part, the respondents can read statements about company, from these statements on social responsibility should select those that best characterize their business. In the third part, I was interested in the value system of company managers; here the manager of the company has to evaluate the statements of the responsible company, even if they do not apply to their company. In addition, I used qualitative research tools in which I interviewed 10 company managers. Qualitative researches are rarer on this subject, but it is necessary because it can reveal social relationships that are difficult to identify through quantitative tools. The companies involved in the research represent different industries: four production companies, one trade, two agriculture and 3 service companies.

During the analysis of the quantitative research results, I found that many managers of the 5- point Likert scale in many cases chose field 3, which is not a positive evaluation or a negative one. Therefore, after conducting and evaluating quantitative research, I wanted to know what is the reason why in many cases managers do not take position on certain issues. Quantitative research on this subject is also looking for a "what" answer, but in order to get a full picture of CSR activities of companies, we need to understand "how" and "why" through qualitative research. The results show that the manager's affinity for CSR is not enough, and there is a need for a financial framework to finance it. On the other hand, for many, the theoretical framework is not known, it does not always mean that the activity is not practiced.

In the case of SMEs, their responsibility for society is in not cases related to their activity, and the neutral response is also due to the fact that they are unable to state what is not known to them or what they are not doing.

**Keywords:** *social responsibility, SMEs, social relationships, managers' attitude*

## **INTRODUCTION**

For the empirical analysis of the CSR activities of small and medium-sized enterprises, I used quantitative research tools in the framework of primary research. This method has proved to be a good way to get to know the thinking, opinion-making process and attitude of the respondents. With the help of a questionnaire survey, I tried to discover the attitude of the small and medium-sized enterprises of Bihor County (Romania) in relation to social responsibility. Such respondents were included in the sample (corporate executives) who are currently operating SMEs in Bihor County. Without knowing the exact number of forced businesses and non-functioning companies, we do not know how many active companies are present in this geographic area when we discuss about this business category. A list of over 500 companies was reviewed in order to have the 75 companies which were later surveyed.

## **MATERIAL AND METHODOLOGY**

The research is based on three main pillars. In the first part, I examined the corporate characteristics and the demographic characteristics of the company managers. The corporate characteristics give an overview of the management form, its main activity area, the market of their products/services and the range of their employees. Research on the demographic characteristics of managers highlights the gender distribution of corporate governance, the education of managers, their residence, their foreign work experience, and their family role. The knowledge of these, based on my hypotheses, can have a profound impact on companies' commitment to social programs. In the second part, the respondent reads the statements about the company, and from these social responsibility statements, he needs to choose the ones which characterize best the activities of his company and evaluate them using the 5-point Likert scale. This provides an opportunity for leaders to prioritize social responsibility. In the third part, I was interested in the value system of company managers; here the manager of the company has to evaluate the statements of the responsible company, even if they do not apply to their own company. Here I examined the behaviour of the leaders and the impact of these attitudes on the activities of the companies.

In this study, I focused on how the social responsibility of SMEs in Romania is; I wasn't looking for only the "what", but also for the "how", so to say the causes and the goals were researched. That is why, after quantitative research, there was qualitative research where I found out that I have to explore the cause of the lack of responsibility also.

Corporate features provide information on the size, management, ownership, location, sales of the goods/services produced by companies (domestic, foreign or both).

## **RESULTS AND DISCUSSION**

The regional distribution of active companies is extremely uneven in Romania, with almost a quarter (23.71%) of operating companies are concentrated in Bucharest and its vicinity, in addition, strategically important county seats will be given priority. According to the statistics of the National Court of Registration [1], the order is as follows: Bucharest, Cluj, Constanța, Timis, Bihar, Iași, Brasov, Maros, and Sibiu.

The county I examined in this order is in the fifth place, taking into account the statistical data of the National Court of Registration, the companies of Bihor county account for almost 4% of the national ratio. The research does not provide a representative sample of the SME sector in Bihor County.

In the western region of Romania, the share of foreign capital has increased, the examined sample shows that foreign investors do not prefer the small business sector instead they favour medium-sized enterprises. 80% of the companies surveyed are domestically owned and the remaining 20% are companies belonging to an international group.

In the examined samples, the majority of those with a tertiary education are in majority, with few having secondary education and a low proportion of those with only basic education. [5] believes that the level of education of the corporate director has a significant role to play in this responsibility for society. Corporate social responsibility does not bring short-term benefits but can be used as a long-term strategy like a set of proactive actions to contribute to a sustainable economy in the future. It is expected that the level of education will influence the future results of the current decisions of corporate leaders.

Age was an open question in the research, it was not easy to summarize, because many people had chosen age, while others had given their year of birth. 65.33% of our respondents were born before 1980, and 34.66% after. This may be interesting because the generation born before the change of regime in 1980 had completed its studies, while the "young" generation had finished primary school after the change of regime, and acquired its knowledge in the new system. According to this breakdown, it can be said that 64% of entrepreneurs born before 1980 did not study or work abroad, only the remaining 36%, but the rate for entrepreneurs born after 1980 is completely reversed, as 68% have studied and / or worked abroad and only 32% did not. [3] is assumed that age plays a significant role in the value system of small and medium-sized enterprises, which suggests that younger directors are more socially responsible than older people. Reflecting on the research of [3], they thought that the younger generation is more responsible than the older, it can be assumed that this is a multiple of situation in Romania, precisely because the number of people who have had the opportunity to gain foreign experience has become more open, to recognize new guidelines.

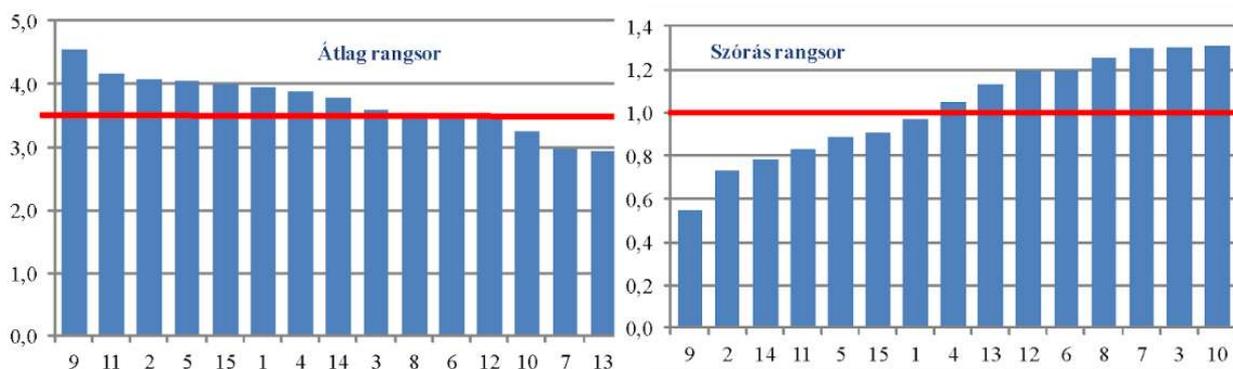
The range of corporate expectations is expanding nowadays, seen as the core tasks of companies such as increasing economic performance, creating jobs, and meeting social expectations even more than mitigating environmental impacts, ethical behaviour with stakeholders, and the responsibility to do so. It will be an important determinant of competitiveness.

In the second part of the quantitative research, the respondent can read statements about the company, from these statements of social responsibility the respondent had to choose, those that characterize the best the company's activities and evaluate them using the 5-point Likert scale. Taking into account the specificities of small and medium-sized enterprises as well as the Romanian features, I formulated 15 questions concerning the practical social responsibility of the companies and 18 questions to measure the personal opinion of the managers on social issues.

Issues related to corporate social responsibility are grouped according to the following categories: human factors (occupational safety, the assurance of equal opportunities, the use of motivational tools, career planning opportunities); relationship with stakeholders (towards consumers, authorities, appropriate communication towards the suppliers, support for local communities); environment (pollution control, saving on the used raw materials); business environment (economic effects, ethical behaviour, social pressure, competitive behaviour, government tasks).

The two figures illustrate the respondents' responses, and what kind of measures has been taken by the managers of their companies for their CSR activities. In the case of the average ranking, I consider 3.5 points as a positive rating, the under-scores indicate that companies do not consider it important or do not take appropriate action in terms of responsibility. The higher the average value, the more progress has been made towards CSR activity. The standard deviation shows how much the average data differs from the average. In terms of standard deviation, the values under 1 are considered relevant, of course, the data can be considered adequate if the standard deviation is low. To sum up the two figures, the answers to questions 2, 5, 9, 11, and 15 can be considered outstanding from the research point of view.

1. Figure: Presentation of average and standard deviation rankings based on respondents' answers in the first block



Source: own editing

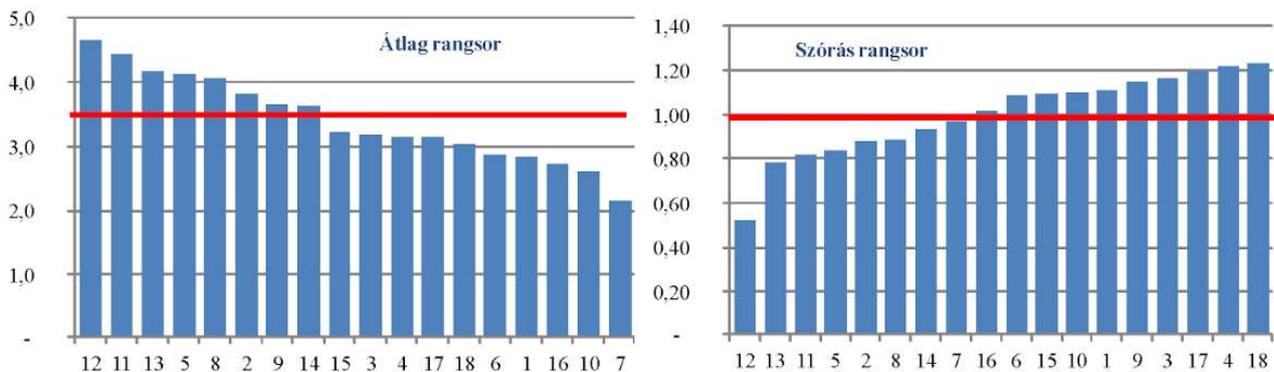
It is important for respondents to inform local residents, consumers, customers, authorities, suppliers, and the communication with stakeholders, none of the respondents evaluated negatively this statement, as shown in question 2. Answers to question 5 reveal that respondents pay attention to controlling pollution, reducing harmful natural impacts, the three quarters of respondents said this. It is likely that the statutory requirements are very rarely met, but this concept can be considered as a responsible one. One of the most positive echoes - as I mentioned earlier in the evaluation of the questions - was question 9, 97% of respondents said they were trying to take a fair and honest stand against their partners and consumers. This position was considered by SME researchers as a distinctive feature of the responsible entrepreneur. Question 11 related to whether the company provides adequate working conditions for its employees, more than three-quarters of the respondents fully agreed with this statement.

This is probably due to the fact that respondents consider employees to be the most important stakeholders, and as the answers to other questions show that their financial capabilities limit them to other CSR activities, they value their employees in order to maintain employee satisfaction and loyalty. Question 15 was about saving the tools and raw materials used by the company. More than 70% of respondents gave a positive answer to this question. With use of a more economical of the raw materials, tools (energy, water, paper, office supplies) used, the company contributes to improving the environment and reducing the exploitation of natural resources, even though it can be described as responsible behaviour, I believe that the lack of resources is in the most of all cases in the background of a positive behaviour. Of course a deeper conviction cannot be ruled out, which walks hand in hand with commitment towards society and the environment.

The second figures illustrates, based on the answers of the respondents, that corporate executives, apart from their own company, how they picture a responsible entrepreneur, the

company manager had to evaluate the statements of the responsible company, even if these did not relate to the company he / she managed. Summarizing the two figures, evaluations for statements 2, 5, 8, 11, 12, and 13 can be considered outstanding from the research's point of view.

2. *Figure: Presentation of average and standard deviation rankings based on respondents' answers in the second block*



*Source: own editing*

Statement 2 concerned that corporate programs coordinated by companies increase the image of the business in different media. 78% of respondents agree and partly agree with this statement, few claiming the opposite. These responses confirm the constructive nature of the community image of CSR activities in research. 77% of the respondents answered that a responsible company reduces the negative environmental impact through production / service procedures, as evidenced by the evaluation of question 5. Respondents' assessments are supported by the answers to questions 5 and 15 in the second part of the questionnaire, which were also related to saving and reduction of pollution. Owners / managers of companies consider the use of raw materials, tools and the use of environmentally friendly procedures as important for their own company as for other companies. The evaluation of claim 8 indicates that 77% of respondents expect government tax relief and support, if companies help to solve social problems. It is also noticeable in this assessment that company owners / managers attribute CSR, partly to governmental competence, and on the other hand their responsibility is expressed through ownership or motivation.

When evaluating clause 11 respondents believe that, employees prefer to work for a company that respects social, environmental and ethical standards. 88% of the surveyed found this statement clear. As it turned out from the eleventh question of the previous section, it is important to create the right working conditions for the employees, employee satisfaction contributes to the good reputation and positive evaluation of the company, which is an important result of CSR activity. Clause 12 concerned one aspect of a responsible company, namely regular pay and adequate working conditions. With a few exceptions, respondents agree with this statement. Although the pay system is required by law, corporate practice often involves avoiding employment and payroll tax, if the company is legally responsible for it. The 13th statement was rated 42% partly and 38% positively by the respondents, according to this belief CSR is perceived by companies as socially responsible marketing tool.

In the second part of the research I used qualitative research tools, during which I interviewed 10 company managers. Qualitative researches are rarer on this subject, but these are necessary because they can reveal social relationships that are difficult to identify through quantitative tools. The companies involved in the research represent different industries: 4 are

production companies, 1 is from the field of trading, two of them are agricultural companies and 3 service companies. All of them are in Bihor County, Romania, the oldest one was established in 1953, the youngest in 2009.

The questions of the in-depth interview were divided into four parts: first the company itself was presented, with its activity and the manager's responsibilities; in the second part, I asked the managers about CSR issues, in the third part I was curious about the behaviour of business leaders in CSR; in the last part, there were other questions used as auxiliary ones that supplemented, (wherein need), what was said earlier.

I used research [2] to prepare the framework for the interview, in which I measured and evaluated the attitudes and perceptions of corporate leaders towards CSR in different organizational contexts.

Quantitative researches in this subject are also looking for a "what" answer, but in order to get a full picture of the CSR activities of companies, we need to understand "hows" and "whys" through qualitative research.

Starting from the basic assumption for what purpose the in-depth interview was made, the interviewed leaders in many cases chose the third (neutral) answer in the quantitative research. The results show that the manager's affinity for CSR is not enough; there is also a need for a financial framework to finance it. On the other hand, for many, the theoretical framework is not known, as definitions; it is not always meaning that they do not execute it in practice. In the case of SMEs, their responsibility for society is in most cases related to their activity, and the neutral response is also due to the fact that they are unable to state what is not known to them or what they are not doing.

The CSR concept has no universal definition [4], because the relationships are different and not everyone is equally exposed to CSR during its activities. The results of qualitative research have shown that the involvement of companies in different industries determines their CSR activity. In addition to this, the commitment and future orientation of corporate executives determines the CSR policy of the company. By examining the views of business leaders in companies with different activities, it is clear that the core activity determines the direction of social responsibility. Production companies also tend to "remedy" environmental problems through their activities, which can also be attributed to the fact that through their activities they can cause environmental damage, which they mitigate as a good corporate citizen through their subsidies. Furthermore, maintaining the right working environment and employee loyalty is one of their main CSR activities.

Agricultural companies have less of their own land than they rent from private or local governments, because of their activity, social embeddedness is high, and they see support from local communities as their responsibility. In the case of a trading company that deals with book trade and book publishing, it is a basic everyday activity, but in his case it is also a commitment to increase the love of reading and literature of the growing generation. In the case of service companies, it can be stated once again that the profile defines the basis of CSR activities, and here the focus is on well-functioning partnerships, honest, transparent business relationships. In addition, they support foundations, some consistency can be perceived in the case of companies that are under investigation.

The business leaders/owners who participated in the in-depth interview identified the following areas of their CSR activities: providing adequate working conditions, employee

loyalty, and satisfaction, steps to reduce pollution, support local communities on a case-by-case basis when it is needed, support of the culture, building and nurturing excellent partnerships, proper communication with customers, achieving customer satisfaction, supporting disadvantaged people, donating.

Support for the aforementioned areas is influenced by the industry's affiliation. The commitment of Producer 1, Producer 2, Producer 3, and Producer 4 is more towards internal stakeholders, for them it is important to create the right working conditions and to maintain the loyalty of the employees. Industry involvement and scope determine responsibility, in the case of Producer 3, we can also talk about outward CSR activities as reducing pollution, which means storing and managing waste which is produced during the company's basic activity. Producer 2 also carries out externally responsible activities by supporting the local community, but there is also the need to comply with parent company standards.

In case of Agriculture 1 and Agriculture 2 businesses we can talk about the support of local communities, building and maintaining good relationships with CSR activities that can be designated by municipalities, this can also be attributed to the causes of the activity (renting land from locals and local authorities). In the case of a Trading Company, support for culture appears as a result of the owner's responsible attitude, supports schoolchildren or school competitions in order to increase their love for literature.

Service Provider 1, Service Provider 2, Service Provider 3 focuses on employee and customer satisfaction, building excellent partnerships and occasionally supporting foundations making something for the social responsibility. For each of the companies involved in qualitative research, it is important to note that their financial situation affects their CSR activities.

In summary, in most cases, neutral behaviour is determined by the lack or scarcity of their financial assets, they should therefore consider, where appropriate, the level, timing and orientation of the aid.

## **CONCLUSION**

The results of empirical research show that the importance of CSR is growing in our country as well. Large companies and SMEs have the same sense of need for change, despite the fact that they use different implementation options.

In conclusion, it can be said that the leaders of SMEs, despite having no theoretical background, as is the case with the leaders of large companies, where in many cases a separate department performs CSR activity, nevertheless, they try their best to meet the standards they set for themselves, to comply with certain moral order and values. Due to the fact that in many cases these SMEs are directly linked to the leader's country of residence, the relationship between the leader and the employees is much closer, deeper; this is why these people form an important stakeholder group for the leader. Relationships are closer, and responsibility is more honest in their case. It is not possible to apply the same concept to the two groups of companies that were examined, indeed, in the case of SMEs, the literature on these studies discusses the need to come up with a new concept of a responsible company or community value.

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