



The place of social responsibility in the business model of a SME

Date: June 26th 2014
MBD Conference, Bucharest

Author: PhD(c) Adina-Roxana Munteanu



The Bucharest University of
Economic Studies
Romania

CSR claims its role in the business model of a company

Context



► CSR is gaining popularity with businesses of all sizes



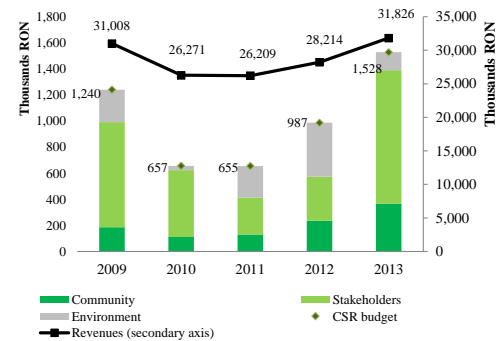
► Business needs to increase performance in current macroeconomic conditions

Methodology

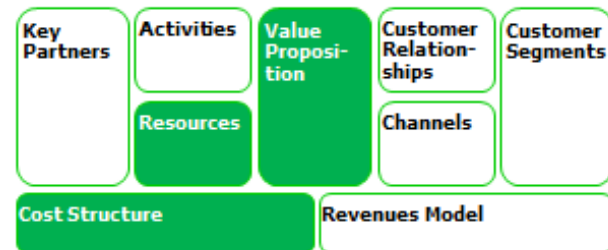
► Case study analysis on a Romanian SME using the business model canvas

Analysis and discussion

Analysing data of a company to..



...identify the place of CSR in the Business Model



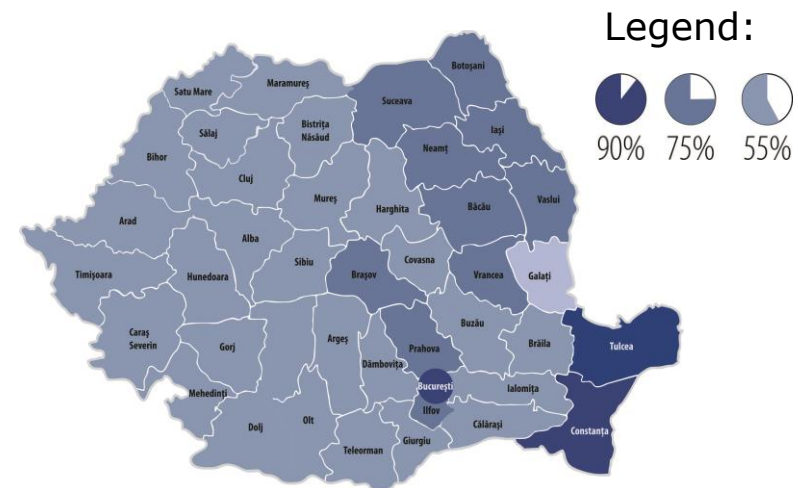
Context

- ▶ CSR is gaining popularity– in 2013 The Global Corporate Sustainability Report (UNGC) – more than 8,000 companies in 140 countries – committing to adopt a principle based management and operations approach (compared to 40 companies in 2000)
- ▶ CSR is not only for the economically powerful companies => CSR concepts applied more and more in SMEs
 - ▶ Several studies point out that the rationale for socially responsible acts, dynamics of budget allocated and impacts of these actions differ significantly for SMEs compared to large companies
- ▶ CSR is perceived as referring to the building of stable and profitable business
- ▶ In Romania, the studies on CSR still focus on the large companies (Dobrea & Dinu, 2012; Hermana, Georgescu & Georgescu, 2012; Avram and Avasilcai, 2014).

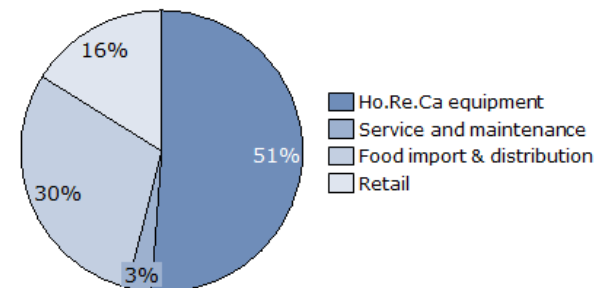
Horeca Expert: a short introduction

- ▶ Founded in 1994, as a family business
 - ▶ 120 employees
 - ▶ 7.1 million euro revenues in 2013
- ▶ Main business line: en gross sale of HoReCa equipment, furniture, accessories; secondary business lines: restaurants and service for sold equipment
- ▶ The management team believes in **business excellence** and created an excellence organizational structure
- ▶ Implemented and maintained ISO 9001 standard since 2006.

Coverage of the sales team of HORECA Expert



Revenues structure at group level in 2013

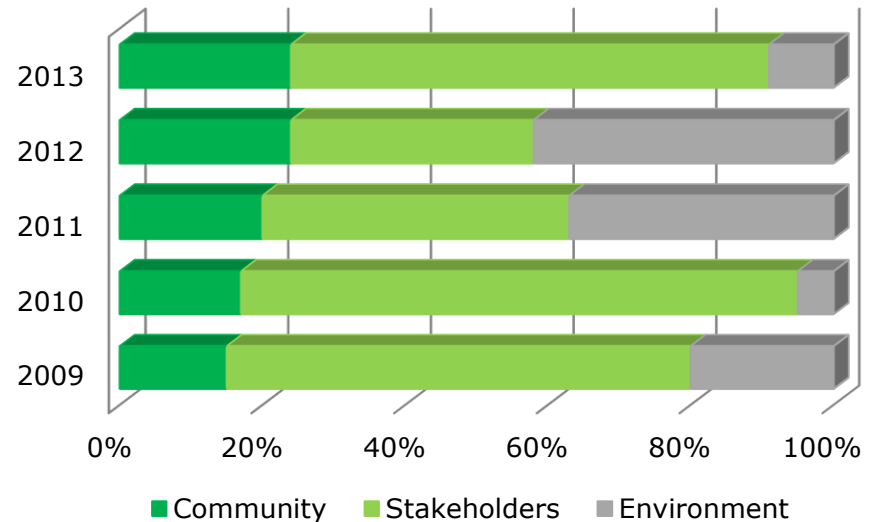


Types of CSR actions undertaken at Horeca Expert

Following the literature review, the CSR types of actions were grouped in 3 categories:

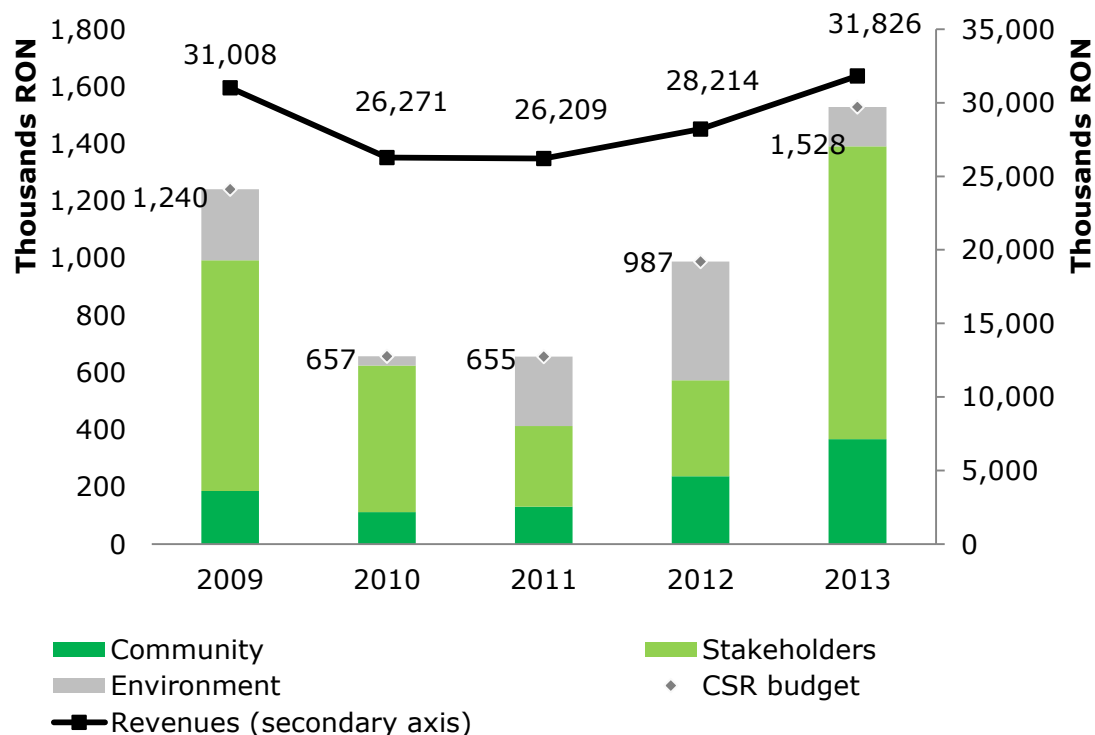
- ▶ **Community / society** (donations, 2^o campaign, any other expense incurred not for the sake of business per se)
- ▶ **Stakeholders** (additional medical insurance and medical check-ups, company events dedicated to personnel, non-cash benefits for personnel, training of personnel, client related expenses, partnerships on local levels)
- ▶ **Environment** (environmental protection and improving the environmental performance of the company)

The structure of the money spent on CSR at Horeca Expert between 2009-2013



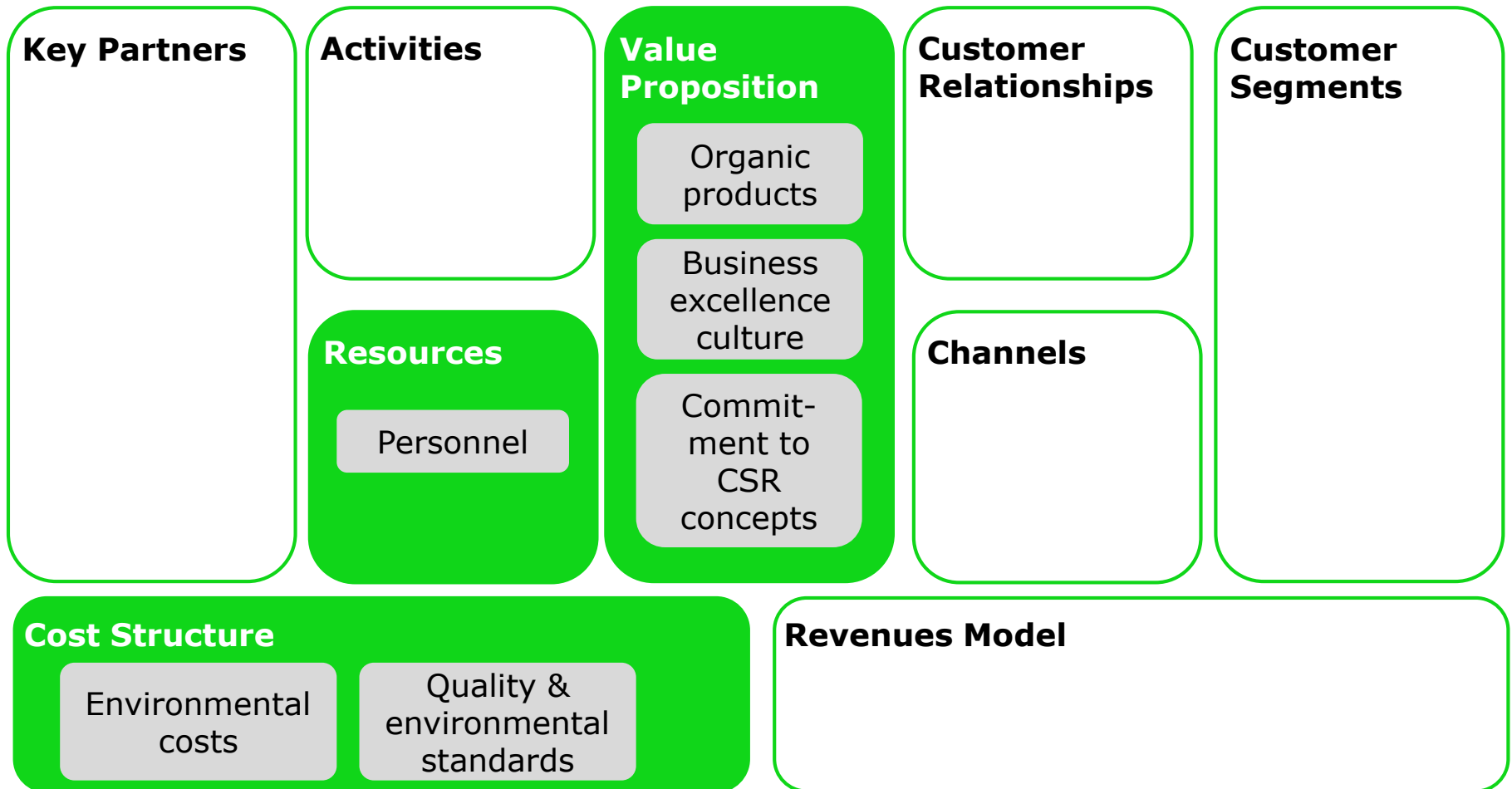
The CSR budget at Horeca Expert

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



- ▶ CSR related expenses are positively correlated with the revenues of the company
- ▶ In 2010-2011, during the peak of the economic crisis, the CSR budget decreased faster than the revenues
- ▶ The main drive for CSR actions is internal, not external (management values and organizational culture)

The place of CSR concepts in the Business Model of Horeca Expert



- ▶ Multiple variations on the Business Model are possible
- ▶ Application of Business Model Canvas –Osterwalder & Pigneur (2010)

Conclusions

- ▶ As a result of this research exercise at Horeca Expert, the management:
 - ▶ Understood that the **CSR actions** undertaken by the company **are linked to the strategic decision making process** and heavily influenced by management's values
 - ▶ understood that **CSR** constitutes another **framework for looking at their business**
 - ▶ decided to communicate the commitment to CSR to **external stakeholders**
- ▶ 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

References

- ▶ Avram, E. and Avasilcai, S. (2014). Business Performance Measurement in Relation to Corporate Social Responsibility: A conceptual Model Development Procedia - Social and Behavioral Sciences 109: 1142 – 1146
- ▶ Castka, P.; Balzarova, M.A.; Bamber, C.J. and Sharp, J.M. (2004). How can SMEs effectively implement the CSR agenda? A UK case study perspective. Corporate Social Responsibility and Environmental Management. 11: 140–149
- ▶ Dobrea, R.C. and Dinu, F.A. (2012). Interdependencies between CSR strategies and economic performance in top Romanian companies. Procedia - Social and Behavioral Sciences 62: 1208 – 1214
- ▶ Hermana, E.; Georgescu, M.A. and Georgescu, A. (2012). Ethics between theory and practice social responsibility in the Romanian business environment. Procedia - Social and Behavioral Sciences 58: 703 – 713
- ▶ Osterwalder, A., & Pigneur, Y. (2010). Business model generation: a handbook for visionaries, game changers, and challengers. John Wiley & Sons.



Thank you!

Date: June 26th 2014
MBD Conference, Bucharest

Author: PhD(c) Adina-Roxana Munteanu



**The Bucharest University of
Economic Studies
Romania**

Definitions of SMEs and CSR

- ▶ **Small and medium enterprise (SME)** – according to the European Commission (2005), a small enterprise has less than 50 employees, annual revenues of less than 10 million euros and assets amounting to less than 43 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, by the above mentioned definition, a medium company.
- ▶ **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” (Commission Of The European Communities. Green Paper. Promoting a European framework for Corporate Social Responsibility 366, Brussels , 2001, pp. 6).