Human resources management in responsible small companies

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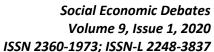*E-mail: ionyta_carmen@yahoo.com*

Abstract: Corporate Social Responsibility makes companies accountable for their impact on society and the environment and responsive to all stakeholders. The literature points to the unique attitudes of small firms towards social responsibility and human resources, which are considered to be the most important stakeholders for such firms. This study aims to deepen our understanding of the motivations behind socially responsible approaches in the small business context, the relationship between employees' practices and perceived benefits. Despite the literature, they have not avoided using formal tools to manage and communicate their ethical approach to people management and are fully aware of the strategic importance of working with employees to achieve organizational excellence.

Keywords: corporate social responsibility; satisfaction; organizational commitment; small and medium enterprises; sustainability; human resources management;

Introduction

Corporate social responsibility has long been the subject of debate, with divergent views emerging from the various literature devoted to this related topic (Dahlsrud, 2008; Frederick, 1994). The basic concept is that companies should not only be held accountable for their impacts from an economic perspective, but also social and environmental aspects. The theoretical context for social responsibility is most commonly stakeholder theory, in which firms act as nodes in a network of relationships with people who "may affect or be affected by the achievement of organizational goals" [Freeman, (1984), p. 46].

Employees play a vital role in a company because they are the stakeholders of the company because they provide one of the most important resources - human capital - but they are also part

of the organizational structure and therefore the company's mission means and maintain relationships with all other key stakeholders.

Corporate social responsibility (CSR) literature often analyzes the practices of large or multinational companies (Pedersen, 2010, 2011; Richter, 2011), arguing that the most significant social and environmental impacts come from such companies. However, small and medium enterprises (SMEs) are the dominant type of business in Europe, with over 99% of businesses considered small (European Commission, 2016). This suggests that the social and environmental impact of small businesses needs to be seen as part of a holistic approach to sustainability.

The literature on CSR in SMEs suggests that some of the characteristics of such companies are reflected in their attitudes towards ethics and social responsibility: the importance of the values of the entrepreneur or chief executive officer (CEO) in SMEs, informal CSR Diffusion of practices and reluctance to communicate externally (Fassin, 2008; Jenkins, 2006) or the difficulty of understanding CSR outside of company-specific practices (Murillo and Lozano, 2006).

CSR research also focuses on the obstacles SMEs face in implementing their social responsibility approach (Vázquez-Carrasco and López-Pérez, 2013): lack of time, resources, appropriate information and support services (Roberts et al., 2006), As well as the difficulty of measuring gains and maintaining activity momentum (Jenkins, 2006).
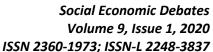
The undeniable link between corporate social responsibility and its practices for employees has spawned a body of research devoted to analyzing human resource management (HRM) in responsible organizations, resulting in the creation of new terms such as socially responsible human resource management (SHRRM) (Shen and Zhu, 2011).

By combining the perspectives of SRHRM and SME CSR, this research aims to embed our understanding of how socially responsible SMEs treat their employees, their motivations, their satisfaction and their engagement in CSR strategies, and how they are perceived by socially responsible SMEs. See the practice as part of this approach and deepen the entrepreneur's perceived advantages.

Our findings demonstrate that small business owners place a high value on employee satisfaction and engagement, ethical motivation, and the strategic importance of corporate social responsibility practices to their employees, and clearly recognize that fair use of human resources is not just a benefit to society responsible task. , but also a way to achieve business excellence and performance in terms of reputation and customer satisfaction.

In the significance of this study, we highlight the fact that small firms are not as unconscious and skeptical of formal practice as the mainstream literature on SME CSR suggests.

Literature background

Corporate Social Responsibility is the means by which companies integrate social and environmental issues into their business activities, thereby contributing to the achievement of the Sustainable Development Goals.

The literature on corporate social responsibility is extensive, with various trends emerging over time: firstly, social responsibility is attributed to businessmen (Bowen, 1953); secondly, reducing negative impacts on society and the natural environment is seen as a corporate ethics obligations (CSR, CSR1: Frederick, 1994); it then becomes the ability to respond to social pressures by implementing management procedures and tools within the company (Corporate Social Responsiveness, CSR2: Frederick, 1994).
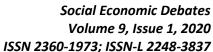
Following the debate among proponents of CSR1 and CSR2, other models have emerged that aim to integrate principles, processes and performance into a holistic view (Corporate Social Performance, CSP: Carroll, 1979; Wood, 1991 year).

As a recent literature review shows (Dahlsrud, 2008), the concept of CSR is still multifaceted: research often refers to CSR using existing definitions of the three classic dimensions of sustainability (economic, social and environmental) , but also includes stakeholder and voluntary dimensions.

Stakeholder theory (Freeman, 1984) works by viewing the company as a central node in a diverse network of relationships with entities such as owners, employees, suppliers, customers, competitors, media, government, and local community representative organizations , which helped clarify who should be held accountable to whom. Furthermore, stakeholders are defined in a variety of ways, but the idea is that stakeholders must be considered because they "have or claim to have or assert ownership, rights, or interests in entities" [Clarkson , (1995), p. 106] and they "may affect or be affected by the achievement of organizational goals" [Freeman, (1984), p.46].

Among the stakeholders, employees play a vital role in a company as they are not only stakeholders but also the means by which the company operates and maintains relationships with all other stakeholder groups. Therefore, understanding the relationship between CSR methods and human resource management is a pertinent issue: socially responsible practices for employees can help increase employee engagement and satisfaction, which in turn improves company performance. However, considering that employees are the real players of the company, the effectiveness of any CSR strategy (targeting different stakeholders) depends on employees' attitudes towards work. The undeniable link between corporate social responsibility and human resource management has motivated a series of studies analyzing the impact of social responsibility practices on various aspects of employee attitudes and behaviors, especially employee engagement (Shen and Zhu, 2011), job satisfaction degrees (Kundu and Gahlawat, 2015) and organizational citizenship behavior (Newman et al., 2016).

Peterson (2004) confirmed that there is a positive relationship between corporate citizenship and organizational participation, and this relationship is more pronounced among employees who believe in the importance of corporate social responsibility. In addition, the correlation was

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stronger with regard to ethical measures of corporate citizenship. Turker (2009) analyzed how corporate social responsibility affects employees' organizational engagement based on social identity theory. He found that CSR to social and non-social stakeholders, employees and customers is an important indicator of organizational commitment. In a study based on US manufacturing companies, Stites and Michael (2011) found that both community and environmental CSR were positively associated with organizational engagement.

Organizational commitment describes "the degree to which employees of a business unit like the organization see their future tied to the future of the organization and are willing to make personal sacrifices for the business unit" [Jaworski and Kohli, (1993), p. 60] ., while employee satisfaction is "the degree to which people enjoy their jobs" [Spector, (2003), p.210]. Clearly, the two structures are related, although organizational commitment can be viewed as a broader concept. Regardless of the specific definition, leveraging factors that influence employee satisfaction (Tomaževič et al., 2014) is critical to increasing engagement, as it can help increase organizational efficiency and excellence (Aristovnik et al., in preparation; Wilson and Narayan, 2016). Because happy employees have been shown to be more loyal (Meyer and Allen, 1991) and perform their tasks more efficiently.
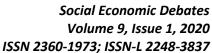
As a result, several studies have attempted to define a broader picture in which CSR practices are precursors to organizational engagement, which in turn affects business performance.

Magnan et al. (1999) proposed a model to analyze the relationship between antecedents, corporate citizenship and its consequences. Consequences considered in the model are organizational engagement and customer loyalty as well as business performance. The results highlight the positive impact of corporate citizenship on all structures of business success, such as: B. Company engagement, customer loyalty, and company performance. Maignan and Ferrell (2001) conducted a similar study based on a survey of French businessmen and found that corporate citizenship (CC) had a positive effect on organizational participation, but only when the discretionary component of CC was considered.

Harman et al. (2009) examined the links between value orientation towards employees, customers and society and employee satisfaction, customer satisfaction, reputation and the value creation process in a sample of German companies. They found that CSR practices aimed at employees can reduce absenteeism and increase satisfaction and motivation, thereby impacting value creation by reducing costs.

Retab et al. (2009) analyzed the impact of CSR activities on three different measures of company performance: financial performance, employee engagement, and company reputation. All impacts were found to be significant and positive, based on a sample of 280 companies in Dubai.

Gallardo-Vázquez and Sanchez-Hernandez (2014) investigate the impact of corporate social responsibility on competitive success by analyzing a sample of large and medium-sized Spanish companies in the Extremadura region. They found a positive relationship between CSR and

competitive success, mediated by "performance," a structure that includes elements related to customer and employee satisfaction and image or reputation.

The cited studies clearly show that the link between corporate social responsibility, employee satisfaction or engagement and company performance is often investigated, but mainly in the context of large companies and using large quantitative studies (surveys).

SMEs are the dominant form of business in Europe, with over 99% of businesses considered small (European Commission, 2016).

In the CSR literature, SMEs are often described as organizations with unique characteristics that distinguish them from large and multinational corporations, so the theories and tools studied for the latter do not always apply to the former. Some authors even question the use of the word "company" when describing SMEs' approaches to social responsibility (Jenkins, 2004). As relevant differences between SMEs and large corporations, previous research has mentioned the importance of entrepreneurial or CEO values in SMEs, the prevalence of informal CSR practices, and trends in external communication Difficulties in understanding CSR are lower (Fassin, 2008; Jenkins, 2006) or beyond company-specific practices (Murillo and Lozano, 2006).
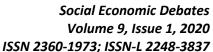
CSR research also focuses on the obstacles SMEs face in implementing their social responsibility approach (Vázquez-Carrasco and López-Pérez, 2013): lack of time, resources, appropriate information and support services (Roberts et al., 2006), As well as the difficulty of measuring gains and maintaining activity momentum (Jenkins, 2006).

Among the employee-oriented practices of socially responsible SMEs, Jenkins (2006) listed the creation of good work-life balance and family-friendly employment, flat management structures, communication forms such as employee communications, employee social activities, Rewards - Win training and development programs, one-on-one mentoring, and a 360° assessment program. Perceived benefits are mostly described as "soft" or "intangible," such as the belief that corporate social responsibility helps reduce employee absenteeism.

Elbaz et al. (2016) compared SMEs in France and Morocco and found that among CSR drivers, about half of respondents cited employee engagement and motivation, and CSR actions they described included health and safety issues, training, social partnerships and Dialogue, fair pay, anti-discrimination and work-life balance.

Murillo and Lozano (2006) found that the organizational improvements achieved by the socially responsible SMEs surveyed were attributed to a better work atmosphere, greater employee engagement with company goals, and reduced employee turnover. They also found that CSR drivers are primarily internal, such as improving employee-company relationships, and less so with external stakeholders.

Conclusions

Many studies on CSR in SMEs have highlighted the limitations faced by entrepreneurs in implementing these practices, such as: B. Lack of resources, knowledge and skills, time and specific support from public administration (El Baz et al., 2006 year).

Thanks to a flat organizational structure, a reduction in the number of employees, and the resulting philosophy of running a company "as a family", most entrepreneurs place the social responsibility of their company on their employees.

In all cases analyzed, protecting the well-being of employees appears to be the priority. One participant emphasized that accountability to external stakeholders is only possible when all of an employee's material concerns are addressed, while others argued that doing business ethically means first and foremost respecting yourself and employees as they want People are treated fairly in their work. company.
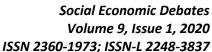
Dialogue is the foundation of human resource management in SMEs: outside of regular meetings, entrepreneurs work to create an atmosphere where employees feel like they can talk without compromising work, or agree on tasks with individuals and families will be better. An anonymous suggestion system (e.g. mailbox) can be set up for shy employees, but the most important thing for entrepreneurs is to show that they are willing and willing to listen, and that they believe the opinions of employees are important and valuable in corporate governance. This can be achieved mainly through the entrepreneur's transparent approach and setting a good example of ethical behavior.

The focus on creating a good working atmosphere and working conditions stems from different approaches: from the layout of the factory (large windows) to the working equipment (the availability of three monitors to be able to better manage documents at the same time), to the more immaterial (but material) aspects such as working hours, mother's flexibility and free planning of vacations. Climate is also linked to personal relationships. After-hours parties and outings can also be a great way for employees to socialize and ease sometimes strained relationships at work, without more investment in structured benefits, which is typical of larger companies.

Despite the pervasive ethical motives of SRHRM, all entrepreneurs agree that there are great benefits to treating employees fairly, as happier employees are less likely to be absent or leave. Additionally, they feel closer to the company, which helps build a good image and reputation, which is also reflected in customer satisfaction.

Some entrepreneurs say the link between employee satisfaction and company performance is difficult to define and measure, but they firmly believe it, even if they cannot demonstrate a direct impact.

Based on the existing literature, this study shows that small business owners are adopting human resource management practices related to their social responsibility. These practices are sometimes "little things," but their strategic importance is obvious. Some findings also contradict key findings of the literature, such as claims that small firms tend not to adopt formal practices (Lee et al., 2016;

Vázquez-Carrasco and López-Pérez, 2013) or that they have difficulty adapting to businesses that build CSR Cases (Battisti and Perry, 2011; Lee et al., 2016).

The main contribution of this study is that it shows that socially responsible small business owners are aware of the importance of the people working within the company and the need to consciously manage their relationships, which, as highlighted, is unreasonable of. Machines and equipment without having someone to manage the relationship with the employees who are the true assets of the company. The alleged lack of resources in small companies seems to go unnoticed: CSR for employees can be implemented through small measures that have a strong impact on their motivation, satisfaction and commitment, as well as on more general corporate goals such as Build a good image and customer satisfaction. It seems that the size of the action doesn't matter; rather, it's the driving force—an entrepreneur who believes it's the right way to treat employees and conduct business. This is also underscored by the fact that many companies have introduced formal certifications to communicate their ethical approach to HR, thereby capitalizing on positive feedback on their image and reputation.

A limitation of this study is that it collects evidence from a small group of entrepreneurs, but its purpose is not to produce general results, but to elucidate a unique (but effective) approach to CSR and HRM by small businesses.

At the same time, this study shows that ethical business approaches can improve people management, even in small businesses without formal systems. As small businesses' positive perceptions of the benefits of such corporate governance are also confirmed, governments and public administrations can continue to incentivize socially responsible practices for their employees to persuade more skeptical entrepreneurs who believe that their reduced limited size of the company.

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