

## Chapter 86

# How can Corporate Social Responsibility (CSR) and Innovation Enhance Enterprise Performance?

### Possible Pathways for the Romanian SMEs in the Context of the Global Economic Crisis

**Ana-Cristina Ionescu**

*Chamber of Commerce and Industry of Romania, Romania*

#### **ABSTRACT**

*Corporate Social Responsibility (CSR) and innovation, reinforcing priorities according to the Europe 2020 strategy for smart, sustainable, and inclusive growth, are more relevant than ever in the context of the economic crisis, as they can help in shaping the kind of competitiveness model that Europe wants. Nowadays, it is imperative for companies to integrate concepts such as CSR and innovation into their strategies in order to be competitive. The first intervention helps to build (and rebuild) trust in business by enhancing sustainable and inclusive growth (i.e. resource efficiency, responsiveness towards the environment, and fostering high-employment), while the second initiative enhances market performance and profitability, by transforming ideas into new and improved products, services, or processes.*

*By analyzing the experience in Romania, this study aims to provide insight into the relationship between SMEs' CSR activities and their economic competitiveness in the light of innovation, mandatory in times of economic crisis, and emphasize the idea that business as usual is no longer acceptable. In addition to providing research on the general situation of CSR in Romania, this case is also describing the most relevant (public) actors engaged in this issue, the level of deployment of CSR among SMEs, as well as the characteristics of these activities. In order to prove that innovative CSR initiatives are a positive investment resulting in an economically beneficial outcome for the businesses, that can be disseminated via open innovation networks, a number of five Good Practice case studies have been identified and described in-depth.*

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## **ORGANIZATION BACKGROUND**

The present collection of case studies was prepared as part of several research project developed by the Chamber of Commerce and Industry of Romania, that consisted in literature review, surveys, case studies, dissemination activities. In addition to highlighting the positive benefits for the business, the purpose is to support SMEs incorporating sustainability objectives, i.e. CSR concepts and tools, into the business strategy, which contains among others R&D objectives that consider the sustainability targets. The SMEs case studies, documented in this publication, reveal an organizational culture characterized by a positive and supportive attitude with respect to environmental and social issues.

Table 1 illustrates the organizational background of five selected company with their sector identity, their CSR categories, contents of the analyzed CSR activities and the impact of the analyzed CSR activities. However, before going to the next section, to set the background detail on the theme of this study, a thorough literature review (with specific focus on the research theme) on innovation, corporate social responsibility, and the relationship of innovation with CSR are being described next.

### **Innovation**

#### **Innovation: General Considerations**

In his collection *Conjectures and Refutations: the Growth of Scientific Knowledge*, Popper (1963) writes:

*Science must begin with myths, and with the criticism of myths; neither with the collection of observations, nor with the invention of experiments, but with the critical discussion of myths, and of magical techniques and practices. The scientific tradition is distinguished from the pre-scientific tradition in having two layers. Like the*

*latter, it passes on its theories; but it also passes on a critical attitude towards them. The theories are passed on, not as dogmas, but rather with the challenge to discuss them and improve upon them. (p.66)*

Innovation is actually *the criticism of myths* (not necessarily original, if original exists!) translated into the challenge of being able to continuously redefine our social and economic reality. The initial absolute truth will not be abolished but reaffirmed in infinity of open *dogmas* by using creativity as the key tool against global alienation. Innovation is about revolutionary changes in the individual and collective mental, in thinking, feeling, attitude, organization. It implies complex and elaborate processes, as its finality is the imperative of delivering a sustainable different *new*.

Innovation commonly involves creativity but the later although necessary is not a sufficient condition for the first (Amabile, Conti, Coon, Lazenby & Herron, 2006). Innovation entails the use of creative ideas to achieve certain specific and tangible difference in the domain in which the innovation occurs. West (1997) explains the difference defining creativity as “the bringing together of knowledge from different areas of experience to produce new and improved ideas [...] a fundamental part of being human” and innovation as “the intentional introduction and application within a job, work team or organization of ideas, processes, products or procedures, which are new” (pp. 1-3).

#### **Economic and Organizational Perspectives**

Innovation represents the successful introduction of a new idea or method that adds value to the products, services or processes of organizations, which enhances their competitiveness and helps them differentiate on the market (Luecke & Katz, 2003; Beswick & Gallagher, 2010; Baregheh, Rowley & Sambrook, 2009). Schumpeter (1934)

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