



Yesterday CSR Initiatives, Tomorrow Social Enterprises

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Keywords:

Social enterprises;
Social economy;
CSR



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Abstract: *The COVID-19 pandemic has left an overwhelming impact on socio-economic life around the world. In the current context, in which we are still facing a new coronavirus pandemic wave, the negative impact is becoming difficult to quantify. Therefore, it can be said that the world is in a moment of reflection, in which new opportunities must be identified in order to accelerate social and economic recovery. If in the past CSR initiatives were considered a breath of fresh air, today we look with confidence to a future in which there is a whole range of opportunities due to the activities of social enterprises. Therefore, this article aims to highlight the possibility of defining the social economy through social enterprises that offer a new way of doing business.*

1. INTRODUCTION

With more than 166 million confirmed cases and over 3.4 million deaths (World Health Organization, 2021), the COVID-19 pandemic will remain a turning point that did affect the whole world. In addition to the immeasurable loss of human lives in value, we are surprised by a major effect on the economy. Therefore, the main areas of interest that will need measures in order to reduce the consequences of tensions accumulated during this period are social and economic fields.

It is clear that 2021 will be a year of quantifying the effects of the pandemic, but also of the challenges in terms of finding solutions and measures to mitigate the existing socio-economic impacts. For this reason, and having a double vision of the impact, this article aims to open a new perspective between reducing the social and economic effects of the pandemic through the social economy.

The central idea will be to start from the concept of CSR, which was one of the main and indispensable pillars for the premise of achieving sustainable development, to a new business code that comes to develop the concept of “social economy” and materialize it through the existence of social enterprises.

2. CSR INITIATIVES IN ROMANIA

In recent years, both in theory and in practice, special emphasis has been placed on CSR, namely on the development of actions that converge towards social responsibility. But does the existence of then and now activities is sufficient to support the social economy? Is a question that we find an answer below.

Due to the important positions they hold in the Romanian market, multinational companies play a strategic role in economic and social development. Actions such as financial or material donations, sponsorship or volunteering are common approaches in the policy of large companies that are open to CSR activities. Although initially, multinational companies viewed CSR as a

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“fashionable” concept that aimed to increase visibility, publicity and also to receive tax facilities under the aegis of involvement in actions that targeted social responsibility in the background, at present we can see an active managerial involvement that makes the decision-making process have a direct impact on society as a whole.

An online questionnaire conducted last year, in the midst of the COVID-19 pandemic, by Val-oria in partnership with CSRmedia.ro (Dynamics and Perspective of the CSR field, August 12 - September 29, 2020) reveals that CSR represents an important component of the business. Among the most important results that can be identified from the respondents’ answers, the following stand out:

- education and health are the main areas targeted by CSR and those that received the most support in 2019;
- 99 % of companies state that they carry out actions and projects such as CSR activities;
- 84 % of companies use the social media area to advertise after carrying out CSR activities;
- 79 % of companies see CSR as a sustainable business strategy;
- 65% of companies have introduced a special budget line for CSR within the PR & Marketing department although 41% of companies state that in 2020 there was a budget freeze;
- 15 % of companies have allocated in 2020 a CSR budget between 100,000-200,000 euros;
- to the multiple-choice question regarding the reasons why a company is involved in the CSR area, most of the answers were that CSR facilitates the promotion of the company’s products and services (56%), CSR is part of the company’s philosophy and values (53%) or because it exists an obligation imposed by the company’s policy (52%).

The main activities through which companies operate in Romania provide support to the community they belong are the following: cash donations, socially responsible business practices, volunteering, in-kind donations, other activities. The graph below shows an evolution of these activities in the last 5 years (2020-2016).

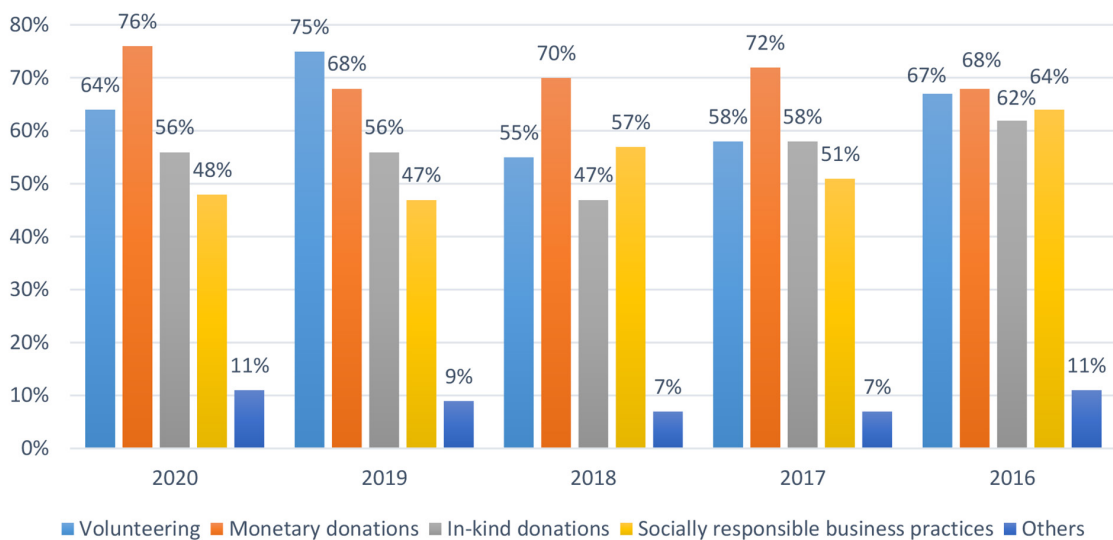


Figure 1. CSR activities used by companies to support the community
Source: Dynamics and Perspective of the CSR field (2020-2016), made by author

Therefore, averaging the percentages in the chart above, we can see that monetary donations are the main CSR activity used by companies operating in Romania in order to provide support to the community, followed by volunteering.

In addition, it should be noted that the COVID-19 pandemic has managed to arouse the empathy of companies that want to do something for society. Lately, the motivation of these companies is deeply noticed and the support of private entities come to give confidence to the local communities but also the educational and medical system in Romania.

3. SOCIAL ENTERPRISES IN ROMANIA

Beyond the CSR activities, which are extremely welcome during this period, there is a need for permanent actions that support both society and the economy. Also, the need to form a sustainable public-private partnership becomes an important strategic objective in the stated context. This desideratum can materialize through the existence of social enterprises, a concept that is quite well known internationally, but at a pioneering level in Romania.

In order to be able to debate the notion of social enterprise, we must first refer to the concept of social economy, also called “solidarity economy”. At the European level, there are differences in each country when it comes to the visibility of this concept, precisely because there are no identical legal regulations applicable in all these countries. In Romania, the social economy is regulated by Law no. 219 of 2015 on the social economy, whose methodological norms for application were adopted by Government Decision no. 585 of August 2016. The law on the social economy also sets out three fundamental objectives, namely: strengthening economic and social cohesion, employment and social services development. To achieve the objectives of the social economy, entities must carry out activities of general interest such as:

- the production of goods, the provision of services and/or the execution of works that contribute to the well-being of the community or its members;
- promoting activities that provide or generate jobs for people belonging to vulnerable groups;
- the creation and development of training programs for people belonging to vulnerable groups;
- the creation and development of social services in order to increase the insertion of people belonging to vulnerable groups, on the labor market.

Currently, in Romania, there is a resumption of the public-private partnership through which the authorities of central and local public administration can support social economy activities. In this sense, it is considered: the recognition of the role of social enterprises by granting a certificate and a social brand; developing mechanisms in order to support social inclusion enterprises; promoting and supporting the development of human resources in the social economy; active participation in certain approaches or activities related to the field of social economy; establishment of information and counseling centers in the field of social economy.

The Romanian Law no. 21/2015 defines two categories of entities that operate in the sphere of social economy: social enterprise (chapter II, art. 8-9) and social insertion enterprise of insertions (chapter III, art. 10-11). The social enterprise is defined as the legal person that carries out activities in the field of social economy, holds a certificate of social enterprise and respects the principles of social economy. Regarding the social enterprise certificate, it is granted for 5 years, with the possibility of extension, if the company meets the following criteria: a) acts for social purposes and/or in the general interest of the community; b) allocates a minimum of 90% of the profit for a specific social objective or statutory reserve; c) after the liquidation procedure they have the obligation to transfer the remaining assets to one or more social enterprises; d) ensur-

ing a fair salary level by applying the principle of social equity to employees which implies that there can be no pecuniary differences exceeding the ratio of 1 to 8. Social enterprise of insertion is a social enterprise that fulfills two conditions: a) at least 30% of the employees belong to a vulnerable group, and the cumulated working time of these employees must represent at least 30% of the total time worked by all employees; b) as the enterprise fights against exclusion, discrimination and unemployment, the main objective is the socio-professional insertion of disadvantaged people. The social enterprise of insertion status is certified by granting a social brand that includes a certificate valid for 3 years but also a specific element of visual identity that is used on certain documents according to the Visual Identity Manual (2016).

The dynamics of the social economy sector regarding the number of social enterprises operating in this area can be observed by accessing the Register of Social Enterprise Records, held by the National Agency for Employment. Between 2016 and March 31, 2021, the process of attestation of social enterprises was initiated, being granted 1641 certificates for social enterprises and 45 certificates for the social enterprise of insertion / social brand.

The effects of the COVID 19 pandemic can still be seen in Romania both socially and economically. From a social point of view, the effects will be visible in the medium and long term. On the one hand, we have a period in which online schooling was done, and the Romanian educational system was not prepared for such a situation, and on the other hand we have a worrying unemployment rate among young people. According to data published by the National Institute of Statistics (Electronic press release no. 160, 2021), the employment rate of the working-age population (category 15-64 years), in the first quarter of 2021, was 60.8%. Of this percentage, the employment rate was higher in men as opposed to women (70.3% in men compared to 51.0% in women) and higher in urban areas compared to rural areas (66.5% compared to 54.0%). The total unemployment rate in the first quarter of 2021 was 6.1%, and by age group, the unemployment rate reached the highest level (21.5%) among young people (15-24 years). Therefore, economic or social activity supposes the existence of factors that can only coexist through the mandatory interaction with human resources. And so, through the suffering caused to the human resource, the economic activity was fundamentally affected. Therefore, the existence and involvement of social enterprises become a necessary sine qua non condition for reducing disparities arising from the effects of the COVID-19 pandemic.

4. FUTURE RESEARCH DIRECTIONS

Given that the COVID-19 pandemic is not yet a closed topic and, based on official information, the new strain is still a cause for concern worldwide, it is clear that we need to look for new research solutions.

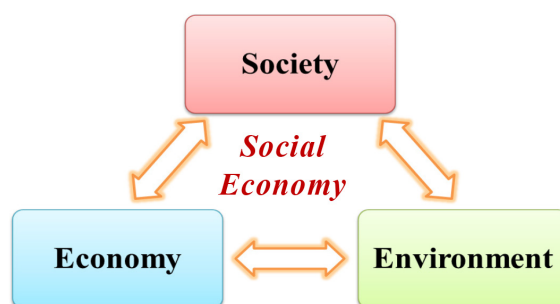


Figure 2. The three-dimensional vision of the social economy

Source: Made by author

However, the growing interest in the social economy and “human affairs” seems to open up a horizon of new opportunities designed to offer an innovative three-dimensional vision, namely: society-economy-environment (Figure 2).

The social economy can provide many advantages and solutions to some real and current problems existing in Romania, but it is necessary for the public authorities to have greater openness and to fully support the activity of social enterprises. In addition, we must understand that we have the right to a healthy environment in order to live, we need a sustainable economy to meet our needs, but also a fair society that provides opportunities for everyone.

4. CONCLUSION

The COVID-19 pandemic was an unpredictable shock to all mankind. At an unexpected time, most countries in the world were taken by surprise and national economies were inevitably affected. Under the auspices of a rhetorical question “qvo vadis” many states were hesitant to make timely decisions because medical cases were advancing rapidly and there was not enough reaction time to prevent all shortcomings. In such critical moments, we could observe how society and the economy suffered.

It is clear that society will recover and the economy will resume its trend, but it is very important to see how this happens. CSR activities are necessary and will always be a breath of fresh air for the community, but in Romania more is needed. We must look to the past and learn from our mistakes so that we can change the future, and the future is represented by the existence of humanity and business-oriented towards people and society. The role of social enterprises is to create a balance so that possible social disparities and inequities can be reduced. Romanian society needs to create opportunities through inclusion and increase the community’s standard of living.

Although there are multiple benefits, the issue of the social economy and thus of social enterprises are not well enough popularized so that real opportunities can be multiplied. The necessity for media debates, along with increasing cooperation between social-economic agents, as well as the facility of accessing new sources of funding could develop a whole series of good practice examples in order to support sustainable economic development.

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