

APPLICATION OF SOCIAL RESPONSIBILITY STRATEGIES IN LITHUANIA SMALL AND MEDIUM-SIZED ENTERPRISES

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Abstract

Social responsibility internal dimensions actualization, understanding and ability to apply for small and medium-sized business organizations' strategic management is one of the necessary measures to search for adaptation to changes in the consumer market. Various European countries small business success stories and experience of social responsibility strategies encourages the search for ways to transfer best practice in Lithuania small and medium business. Object of study - social responsibility internal dimensions links as a structural element of strategic management. The article is prepared on the basis of experience using the Socialsme methodology in the Lithuania small and medium sized businesses strategic management case analysis. Social responsibility strategy based on internal dimensions links application in the small and medium-sized enterprises enabling validation of the prospects of the business development and insight into the organization's internal processes, steers and their prospects for improvement.

Keywords: responsibility, dimension, small and medium-sized enterprises (SMEs), social responsibility, socialsme

JEL Classification: M14.

Introduction

Continuous global economic, technological, social change is forcing entrepreneurs to look for quick adaptation to market changes and consumption methods. This is especially true for small and medium-sized enterprises, which make about 98 percent of the total number of enterprises in the Europe business structure. Successful small and medium-sized enterprises activity is the basis of the European economy. Relevance of the topic and the problems of the study are determined by the small business sensitivity to the macro and micro business environment changes. Under the small business conditions, economic viability and competitiveness problems affect not only business owners but also quality of family life of the employees working in the companies, consumption level, and purchasing power. This circumstance makes businessmen to create responsibly business development strategies, and evaluate made decisions. Considering that in the business structure of many countries small and medium-sized enterprises dominate as the most important jobs and value-added developer, the economic stability of each company is inseparable from the entire company staff receptivity to innovation, social activity and responsibility for performance. In this context, the social responsibility internal dimensions links as small and medium-sized enterprises strategic management structural element are chosen as the subject of study.

The article goal is on the basis of social responsibility internal dimensions links to define assumptions for the social responsibility strategies application in the Lithuanian small and medium-sized enterprises. This article is based on Lithuanian small and medium-sized enterprises strategic management cases analysis using Socialsme methodology. Socialsme methodology is based on the concept of a positive study, designed for small and medium-sized enterprises strategic management, focusing on continuous learning and involvement of all employees in strategic decisions making.

The internal dimension of social responsibility

In the conceptual studies scientists have focused on the social responsibility characteristics and dimensions formulation, development of the methodologies and the justification of their instrumental application in management of companies and organizations. Project activity developed in various aspects of the social responsibility is focused on the business's ability to respond flexibly to economic, market and consumer changes development, employee initiative, social activity and competence development, lifelong learning and the promotion of responsibility for the performance. Scientists studying various aspects of social responsibility generally agree on the concept of social responsibility and its key characteristics description: an integral feature of commercial activity that has significant impact on the organization's management processes (Übius, Al, 2009), the organization that leads the way to the other and set standards for social responsibility (Banerjee, 2001), enterprise social commitments, principles and marketing activities

(processes) that allow to meet or exceed the interested persons, groups and society expectations equilibrium (Banytė et al., 2010), the organization's moral responsibility (Gižienė, etc., 2011), corporate ideology, policy and practice, reflecting the behaviour of companies when they in their activities voluntarily integrate social and environmental issues and in the relations with all stakeholders of society, business and government representatives follow respect for human, social and environmental ethical principles (Bagdonienė, Paulavičienė, 2010).

Similar social responsibility characteristics are emphasised in official EU documents. In terms of European Commission corporate social responsibility is a voluntary initiative, implemented independently of the *acquis communautaire*, which remains the basis of its social (labour law), public (user rights) and environmental (environmental law) aspects (SOC/244, 2006). In the COM 366 final Green paper corporate social responsibility is defined as a concept whereby companies voluntarily integrate social care and environmental aspects into their business operations, and relationships with stakeholders. The document says that to be socially responsible - means not only meet statutory expectations, but exceed them, by investing more in human capital, the environment and relations with stakeholders (COM 366 final. Green Paper, 2001, p.10). European Economic and Social Affairs Committee said that corporate social responsibility - is not a philanthropic decision, but the result of dialogue with all the enterprise employees at every level (COM 366 final. Green Paper, 2001, p.8).

In both the scientific and legal corporate descriptions of social responsibility the highlight is dominated - the operational objectives of the company is not limited to profit. This refers to in 1979 the U.S. Professor Archie B. Carroll formulated four areas of social responsibility: economic, legal, ethical and discretionary (Carroll, A., 1979). The author states that the primarily social responsibility of business is to produce goods and provide the necessary services to the public, and profit by selling it. Legal responsibility means that the public expects that the business performing their economic responsibility will comply with legal requirements. Although the economic and legal responsibility by itself encodes the following of the ethical standards, but an ethical responsibility is associated with business and public long-term cooperation. Voluntary commitments, social activity and initiatives on which are any adequate legal binding acts are understand as discretionary responsibility. However, A. Carroll said that the four categories of responsibility are not mutually exclusive. He emphasized the intertwining of these responsibilities when addressing both social problems and economic problems. However, discretionary responsibility is possible only when the company assumed the previous three responsibilities, i.e. then the production of goods or services is carried out in accordance with generally accepted standards and ethical behaviour is ensured in companies inside and outside. That in its essence is simple, but complex in content the concept of social responsibility is relevant to at the small business level, when at the micro and small enterprises are often not hierarchical management structure, where employees are included in the most important business decision-making. Very small and small business owners looking for ways to adapt to market and consumer changes, making the business operational and strategic decisions require special skills and competencies acquired through continuous learning and self improvement. No personal benefit pursuit from the commercial activities, but the responsibility for the company's skills and their standard of living encourages business owners to innovate and seek ways for efficiency of the performance. Any company's activities are effective, if in it prevails coherence, harmony, understanding, there are not conflicts, employees feel secure about their future, in good health, safe working environment. Practical business experience shows that it is not cost reduction, but operational efficiency strengthens the business position in the market, improves the psychological climate in the company. Thus, the actualization of responsibility, understanding and the ability to combine the wisdom and skills of employees in strategic management of small and medium-sized business organizations, is one of the necessary adjustment measures to find ways of increasing the accountability of members of small groups for the entire firm's performance. Summarizing the results of research and business know-how we can said that the internal dimensions of social responsibility includes: staff competencies development, health and safety at work, efficient use of internal resources, innovation in adapting to change and accountability for performance that are important to the consumer, the environment and the public.

Features of development of strategies for social responsibility in small and medium-sized enterprises

Various European countries small business success stories and experience with social responsibility strategies encourages the search for ways to transfer best practice in Lithuanian small and medium business space. One of the most effective ways of sharing social responsibility experience between the various

European countries small and medium-sized enterprises is direct participation and cooperation in international projects. In the Leonardo da Vinci Transfer of Innovation Project "Sustainability and Social Responsibility in SMEs through e-Learning" 2008 - 2010 Poland, Bulgaria, Spain, Lithuania, Romania, Latvia, Cyprus and Portugal small and medium -sized economic enterprises engaged in commercial activities participated. Project activities were focused on increasing the productivity of firms through internal dimensions of social responsibility of enterprises. One of the project specific activities - micro, small and medium-sized groups pooling to create and implement through training and consulting team members, promoting positive thinking, self-motivation and innovation, the firm's strategy. Micro and small enterprises are more specialized than most medium-sized enterprises. Small and micro-enterprises produce products or proved services in a narrow range of users. Due to low turnover and provisions equipment is rarely up to date, the work becomes monotonous, routine, but with a highly developed specialist skills. Such enterprises objectives implementation and the competitiveness support require not only new knowledge but also the ability to respond to changes as they are not yet begun. Small businesses', which employ a few workers, results depend on each employee's contribution. Often they know and they carry out the several work operations because of the deeply specialized nature and small market niches for the same staff carry out a number of the operating functions. Staff turnover in very specialized work is unacceptable. Often it is difficult to quickly change out of work employee worked in that capacity. Socialsme methodology application experience has shown that the methodology is more appropriate for micro and small enterprises, which has enjoyed long friendly relations within the team (Adamonienė, R., 2011). In small or very small companies, employing more than 10 people, the staffs actively discusses with each other by analyzing manufacturing operations, financial results, evaluating prospects and changes in needs, discussing what new skills and what to learn the company staff will need to adapt to changing economic and market situation. Discussions involve all team members to encourage each of them to take more initiative and responsibility for the sound quality of products or services of clients and their preservation. In this case, positive discussion as an internal dimension becomes an effective tool for companies' mobilization of staff to the active and responsible team. But the company, which employs more than 15 people, one team can not be formed. Several teams in one of the company define roles and responsibilities by itself. For this reason, very small, small and medium-sized enterprises social responsibility strategies development tools differ, although the techniques are identical. One of them is a social responsibility strategy mapping according to Socialsme methodology by focusing on the company's strategic goals and their mutual cause and effect links determination. Corporate social responsibility strategy map combines different areas of social responsibility in different fields of activity: economic, legal, ethical and discretionary responsibilities of finance, sales, processes and personnel areas. Publication authors, having participated in the very small and medium-sized corporate social responsibility facilitation process, defined a number of social responsibility strategy mapping features, existing enterprises of different size. One of the differences is different areas of the strategic objectives of the individual assessment of the achievement indicators (Table 1).

Table 1. Strategic objective indicators in case of very small and medium-sized enterprises

Areas of strategic perspectives	A very small company (9 employees) (Machine textile products sewing services)	Medium-sized enterprise (32 employees) (grain products production)
The Financial Perspective	Increased turnover due to the distinctive look and custom made clothing for special work orders	Increased turnover due to more suppliers of grain and more buyers of grain products
Sales (stakeholder) perspective	Current orders with special requirements for quality of exceptional working clothing	Customers who claim a wider range of grain products are served
process perspective	With the available equipment sewing operations are developed	New recipes and new production capacity are mastered
Employee learning perspective	Individual tailoring operating and work with different tissue composition skills development	Working with the new software skills development, workers change jobs outlook

Analyzed company's overall strategic goals are very similar - to create more added values from the activities, but each company formulates different tasks of individual strategic areas. If a small enterprise results are focused on the company more efficient use of internal resources and skills development and personal responsibility of each employee, the medium-sized enterprise are more focused on the external

dimensions - customer traffic, and their needs. In case of the sewing company economic responsibility result is expressed as the responsible fulfilment of customer requirements, in case of grain production result in the same area is achieved through the cereal products customer satisfaction both the quality and the product range. If a medium-sized enterprise has every opportunity to change the recipe and use the product without changing the technological process, sewing enterprise in order to change the range needs to form essentially a new work with other materials, their cut-outs, and the sewing skills. In medium-sized company, where the same type of work is performed by several workers there is the possibility to replace staff, to send them to professional skills training courses, a very small company has not such opportunities. Each employee in a very small enterprise is very important. One employee's absence immediately causes industrial capacity constraints. This means a small business economic performance is achieved across all company employees as a harmonious team socially responsible solidarity decisions and actions. Social responsibility strategic objectives are linked to all kinds of resources, including human, use productivity and corporate values - solidarity, cooperation, responsibility, unity, honesty. In medium-sized enterprise, where the distribution of functions and hierarchical management structure are dominated social responsibility economic results are achieved through units - primary groups co-operation. Thus, in such an enterprise the functional strategies associated with the operational management structure can be applied: each company unit is responsible for the functional performance. In this case, discrete enterprise-wide responsibility is achieved not only through the personal responsibility of individual employees, but also the collective responsibility of individual departments.

Conclusions

Social responsibility strategies based on internal dimensions interfaces application for small and medium-sized enterprises enables the business development prospects, to select the evaluation indicator for activities compliance with the strategic direction, to select the human resource activation and management tools and techniques, to look inside a process and in the process of their development prospects.

Summarizing the results of research and business know-how we can said that the internal dimensions of social responsibility includes: staff competencies development, health and safety at work, efficient use of internal resources, innovation in adapting to change and accountability for performance that are important to the consumer, the environment and the public.

During the study, very small and medium-sized corporate social responsibility facilitation process, a number of social responsibility strategy mapping features, existing enterprises of different size were defined. One of the differences is different areas of the strategic objectives of the individual assessment of the achievement indicators.

In recent years under the growing popularity of commercial activity not only economic but also social responsibility provisions, the conceptual, related with the social responsibility research number is rising and the project work, which includes best practices, to promote social responsibility and accountability provisions of diffusion, becomes more active.

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