THE LINK BETWEEN ADOPTING SOCIAL RESPONSIBILITY AND THE ECONOMIC PERFORMANCE GROWTH OF SMALL AND MEDIUM ENTERPRISES.

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Companies and economic institutions are always intending to benefit on a large scale from profits and outcomes. However, this issue won’t exempt them from the implementation of its social responsibility, the traditional statement which said: An enterprise that is not responsible in front of its owners is no longer a postulate in our world today: a world of speed and complexity interests, with fundamental progress that changes the thinking manner in many fields. From here, the enterprise evaluation work doesn’t basically rely on its turnover, but it becomes important to take into account its surrounding and to what extent it contributes to sustainable development and green economy.

In reality, we can say that there is still an ambiguity and lack of awareness among all people, enterprises, and the Arab world in general, in regard to the definition of the enterprise’s social responsibility, its importance, its dimensions and how it contributes to cement sustainable development opportunities. Private sector institutions, especially small and medium enterprises, realize that they are not away from the society, and they become aware of the importance of enlarging their activities to include what is more than productive activities, such as society preoccupations and environment, beside the importance of considering the three sides of the international business council of sustainable development, economic growth, social progress and environment protection. As far as enterprises do their best towards social responsibility, they guarantee to some extent the society’s support for their objectives, development mission, recognizing their existence, and their contribution in achieving their objectives as they were previously set. Furthermore, they contribute in satisfying the needs of the society and the importance of its living requirement, and creating new job opportunities through the establishment of charitable and social projects.

This paper will examine the link between the adaptation of social responsibility and environment projects of small and medium enterprises, and the achievement of profits. It will also demonstrate
the enterprises’ commitment advantages towards the society, and how they implement the concept of social responsibility in the workplace and external activities would improve their profits and positively increase their popularity and public loyalty to support their economic competitiveness. We will examine all of these aspects in an analytical and comparative approach.

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Introduction:

The concept of enterprises’ social responsibility imposes itself insistently in the business world as well as at the academic level, particularly after the popular pressures increasing, disasters, ethical scandals, rapid technological developments, the spread of the diverse damages of the environment and the marginalization of the social dimensions. All these pave the way to the global crisis growth in spite of the existence of many international conventions that seek to protect the dignity of workers while they’re on duty. This is because of the implementation of the liberal economic policies which set as objective making profit by turning a blind eye on the ethical and social sides.

This leads many enterprises to adopt effective programs for their social responsibility which takes into account the society conditions and challenges. Moreover, it becomes very important to pay attention to the social responsibility as a significant requirement to reduce poverty through the commitment of the economic institutions of local companies or international institutions by providing the suitable work environment, the lack of wasting resources, the implementation of a recruitment process, coaching and human capacity building, as well as the support of the most needy groups. However, the fact that the enterprise is socially responsible doesn’t only mean being completely loyal to the exercised commitment, but it shifts to the investment on the human capital, the environment and the relationships with stakeholder.

The importance of the topic stems as it analyzes one of the major topics nowadays, and it focuses on the social and environmental preoccupations which are the main criteria that attracts the attention of the public opinion, especially after the increasing of the environment threats due to the economic policies, which runs after the material profits without considering the environment and social sides. Furthermore, the topic gives more legitimacy to enterprises and it guarantees a best model within the public opinion, through applying its roles in regards to the society and the environment, while integrating between social and moral dimensions additionally to the economic dimension in order to achieve development and social stability.

This puts a spotlight on the following problematic: how can we combine between the increasing benefits and outcomes and the protection of the enterprise’s competitiveness, and between investing in social and environment fields? Will the enterprise’s integration of the social and environmental sides increase its outcomes and sustainability, or will it become a heavy burden by non-justified expenditure? To answer these questions, we will approach this topic through the following axes:

1\textsuperscript{st} Axe: Theoretical framework of the enterprise social responsibility.
2\textsuperscript{nd} Axe: Reinforcement of the institutions’ benefits through adopting the enterprise social responsibility policy.
To start off, it is necessary to indicate that there is no specific definition of the social responsibility by interested parties and how to evaluate it through its expenses and social outcomes. So, defining this term differs from one organization to another. The European Committee defines it in its Green Book as follows: “The concept of the social responsibility of the enterprise means basically that it decides voluntarily to contribute to the development of the society and to achieve a clean environment (…) This responsibility is expressed towards staff and generally towards all stakeholder in the enterprise who are affected by its success (…) Even though that the main responsibility of the enterprise is generating profits, it can also at the same time contribute to the achievement of social objectives and the protection of the environment, by integrating the social responsibility as a strategic investment at the heart of its commercial strategy and its administrative tools and also in its business and activities.”

It is obvious that the European Committee adopts a voluntary dimension as an important key in the concept of the enterprise social responsibility. It is not only to increase benefits and to respect the rules of law but it goes farther than that, as to improve the links with customers, consumers, civil society organizations and other non-governmental organizations interested in the environment. Enterprises should be involved gradually and voluntarily in adopting environmental and social approaches to respond to interested parties’ aspirations that are directly or indirectly related to the enterprise’s environment.

The International Bank defines the enterprise social responsibility concept as a commitment of the commercial activities owners to contribute to the development through interacting and working with staff members, families and local society and the society as a whole to improve the living standards of people in a way which serves trade and development at the same time.

However, the common committee between ministries interested in sustainable development, whose headquarters is in Brussels, defines the enterprise social responsibility as follows: “The continuing improvement system in the enterprise which integrates voluntarily with an organizational and solid way the social, environmental, and economic considerations within the global management of the enterprise in accordance with stakeholder negotiation who are considered an important component of the process.”

According to this definition and the previous one, we can confirm that voluntary and responsible management is an important element to understand the enterprise social responsibility.

Accordingly, the International Labor Organization defines the enterprise social responsibility as follows: “The enterprise social responsibility translates the way from which enterprises consider the impact of its activities in society and conform its principles and values through the implementation of its methods and internal processes or in relation with other actors, it is then a voluntary initiative in which enterprise occupies a significant position and it is related to activities that exceed just the respect of law.”

According to this definition, we conclude that the elements which distinguish the enterprise social responsibility are:

- Firstly, voluntary nature; enterprises are committed voluntarily to the social responsibility behavior which exceeds its law commitment;
- Secondly, total integration, in which the enterprise social responsibility becomes an integrated part of the business management;
- Thirdly, sustainability and continuity, and social responsibilities are sustainable methodic processes which are not seasonal;
- Fourthly, its relation with sustainable development, social responsibility has a closer link to the sustainable development concept.

The National Institute of Statistics and Economic Studies defines social responsibility as “voluntary contribution of enterprises in sustainable development challenges within its commercial activities and its interaction with stakeholder.”
An enterprise which is socially responsible should not only rely on the compliance with legal commitments but it should shift to investing more in human capital and its relation with stakeholder, in the report of protection and in the environment where it works. The International criterion of the social responsibility determines a framework for the organizations willing to adopt a responsible action at both social and environmental levels and it includes fields regarding: social rights, labor rights, work practices, environment protection, consumer rights and community development. It considers, since the first of November 2010 its release date, the international reference concerning the enterprise social responsibility, and it tries to define it as follow: “the institution responsibility compared to its decisions impacts and activities on the society and the environment through a moral and transparent behavior and which:

- are compatible with sustainable development
- takes into account the stakeholder aspirations
- complies with the applicable law and the international criteria of the behavior
- integrates within the whole institution.

2nd Axe: Reinforcement of the institutions benefits through adopting the enterprise social responsibility policy.

A very debatable issue blossoms since the appearance of the sustainable development concept in the modern economy, which is whether the social responsibility creates value to enterprises. To deeply analyze this topic, we’ll start off with the famous quote written by “Milton Freedman” in his book “Capital and Freedom” which represents the ancient vision of enterprises “the sole social responsibility of the enterprise is to make profit”.

In reality, this statement is no longer valid nowadays. A world which is known by speed and interlocking of interests with many interveners, pushes enterprises to adopt effective social responsibility programs, otherwise it will fail.

However, the profit obsession makes many enterprise owners hesitate to take social responsibility, especially the support of Asian companies which are not at all interested in such topic, represent a real competition and stands as an obstacle between them and their total contribution in adopting the social responsibility programs. This idea is somehow wrong as the implementation of the social responsibility programs will increase with no doubt the institutions’ economic performance. There are some smart ways to combine between social responsibility and outcomes achievement, which are:

- The improvement of the enterprise activity thanks to responsible innovations (in order to increase the turnover)
- Risk reduction (accidents, trash …)
- Intellectual capital development.

It is true that profit is an essential condition for the enterprise sustainability and continuity, but it should not be at the expense of workers and society as a whole, in this regard” Henry Ford” said:

The enterprise should create profit otherwise it will die, but if its commercial project is based on just profit, it will die as it has reasons to do so.

Whereas, “Herman Josef Abbes”, the president of the biggest German bank said: “Profit is an essential condition for the project to survive and the profit importance is like the importance of air that human breaths, but as the human does not only live to breath air, as well as the project won’t be just to achieve profit, the project function is to represent services to the society and job creation and not achieving shares growth. Any enterprise that seeks to make profit should also work on being socially accepted, as it respects its social responsibility commitments and the reveal of its performance, which would be largely accepted within its surrounding and elsewhere. But, the question that will arise is regarding the outcomes that are gained by the institutions from its social responsibility commitment. Would the adaptation of social responsibility damage the outcomes and profits and represent a burden?
To answer these questions, we should emphasize that consumers become aware of the social responsibility culture and they consider it when buying, which would push the enterprises to adopt the social responsibility approach. In general, many studies and international experiences show the numerous advantages of social responsibility, for instance, the improvement of the enterprise’s reputation based on the competency of performance, the success to represent services, the reciprocal trust between these enterprises and stakeholder, the transparency level of these enterprises, and the extent in which it gives importance to the environment considerations, all these would contribute to the improvement of its reputation.\(^{13}\)

The responsibility commitment would allow the institution to gain a good reputation which would positively affect the consumer’s commitment\(^{14}\).

There are some accepted measures to improve the enterprises competitiveness through the green strategy. The seven easy steps to be more competitive are: the enterprise should carefully describe the environmental issues to get the facts, that is to say, the data needed to solve these problems, to determine the parties to reconsider their interests in a good way while making the decisions, with compliance as well, to put it differently, to view how to provide and recycle the used materials, the manner in which it would market its products to the desired environment\(^{15}\). Precisely, enterprises with values have great opportunities to make profit. No one can deny that one of the major things enterprises should endeavor to guarantee its competitiveness and continuity is to get a good reputation and consumers trust. If the enterprise would like to remain for a long time, it needs to grow gradually to guarantee a good profitability in the long term, to manage the crises and risks, to promote its devotion towards its consumers and to improve its relation with employees.

The enterprises social responsibility strategy can be considered as a crane to improve its image, a tool to protect it from risks, and a way to innovate new business through reconsidering its business model. Moreover, it gives the enterprise a competitive value. In other words, adapting social responsibility will lead to a positive impact on the immaterial capital; the enterprise’s sustainability today, besides the financial side, is based on following a comprehensive approach which takes environmental dimensions\(^{16}\) into account.

Highlighting the importance of quality and resource productivity directly improves the financial level. There is a closer link between the employees’ welfare and the achievement of the economic performance\(^{17}\) as well. This issue would be a key for any enterprise willing to strengthen its financial profits.

However, sometimes an enterprise’s intent is to protect its interests on behalf of the social responsibility\(^{18}\). From here on, the role of non-governmental organizations would come to substitute the gap of the authority and fight these behaviors and would face multinationals in developing countries, which don’t respect their social responsibility. So enterprises try to determine protection strategies to protect its reputation through community marketing campaigns, but these campaigns would not be effective. In order to face the gradual activities of non-governmental organizations, the enterprise finds itself compelled to set up more effective strategies which basically puts sustainable development within the scope of its strategic decisions\(^{19}\).

Social responsibility is a long term investment from which enterprises benefit from as well as the growth of its loyalty growth which will improve its productivity, and also to limit the dispute with its social surrounding. Moreover, the adaptation of the social responsibility would give an importance to enterprises in front of the authority, and it will gain privileges which are not applied to like-minded organizations which are not committed to social responsibility.
Furthermore, some other privileges of the social responsibility would be to improve the opportunities to get capitals: a good reputation means a good place in the market, where it can attract more capitals and minimize the cost of credit. The efforts done to social responsibility commitment through the labor force and activities involved would increase the enterprises’ productivity and decrease the risks rate and it strengthens the effectiveness and competency through the work conditions improvement and the increasing of the employees’ participation in making the decision\textsuperscript{20}. Social responsibility can be studied as a trust improver between the company and its shareholders; we can also view it as an organizational and proactive strategy to prevent future threats and damages. The investment in the proper environmental performance and good governance results in super unnatural benefits for shareholders\textsuperscript{21}. 

Enterprise economic development would not grow if it is not based on serving humans in particular and the community in general, and neglecting the social and environmental side. Doing so, its consumers would become angry and they would look for competitive enterprises which are socially responsible, it will find as well itself in a crash with its employees. The reality reflects that enterprises which run after the financial benefit without considering social sides would neglect its staff which would shake the institution stability as a whole.

In this regard, “Connaly” divides the benefits the organization would gain while adopting social responsibility into two main categories:
- Financial benefits;
- Social benefits.

Concerning financial benefits, if the organization does not commit to its social responsibility, it will incur expensive cost and give it as compensations to the affected stakeholder, including the environment protection, who would demand the cost of the environment damage. The organization lack of social responsibility commitment would be boycott by stakeholder. Studies prove that 88\% of the American cost changes the credit measures for organizations, which would cause environment damage in the future\textsuperscript{22}. 

The Canadian Institution of Americas “Focal” divides the benefits achieved by the organization social responsibility into 2 categories:
Firstly, the organization benefits which are:
High staff productivity, high consumers’ satisfaction, great customers’ loyalty, the organization reputation improvement and so sales increasing, the decreasing of the judicial referrals, and the organization share value increasing.

Secondly, the community benefits which are:
- Promotion of the fundamental rights (health, education, staff rights and so on ) the contribution to innovation and development, environment improvement\textsuperscript{23}.

The General Union of Moroccan Enterprises mentions within its discussion about the added value of the social responsibility the following elements\textsuperscript{24}:
- Development ability to attract new loyal customers and the gain of new parties in the market responding to the new needs.
- Developing the workplace and making it more attractive for competent and ambitious shareholders through the work conditions and possibilities provided by the enterprise.
- Work atmosphere improvement and the establishment of a peaceful debate in the enterprise.
- Productivity growth and improving its quality in the long term through the involvement of employees according to their ambition and commitment.
- Credit access facility in regards to the requirements done by financial institutions and taking into account responsible actions in giving credits\textsuperscript{25}.
- Valuing the enterprise brand and reputation as they are essential elements of the enterprise competitiveness.
Environment protection or social development comes through the finding of organizational mechanisms capable to protect the environment cost, the equitable share of richness between the enterprise requirements and the rest of the society in which the principle “think universally and work locally” should be implemented. At the social level, charitable initiatives become an expression of compatibility between the institution initiatives and the social preoccupations locally and nationally.

However, the main problematic of voluntary approaches resides in the absence on the enterprises agenda. In the economic reality, the international investments are not governed by international agreements solely bilateral or multilateral regional agreements which are limited to treat. Special sides whose main concern is to protect directly investment, which has no link between the investment objectives and the international development.

In this regard, the international bank launches annually the business climate report, which compares applied systems to local enterprises in many countries regarding the starting of the commercial activity, building permissions receipt, electricity and property registration…it seeks then to evaluate the exercise of the business activity according to the mentioned criteria.

The high flow of direct foreign investment in a country is a sign of the business climate improvement in that country, which reflects its ability to attract foreign investors. Within this regard, in Morocco, there is an exceed of the foreign direct investment flow in the last five years which is 3.5 milliards of dollar in 2015, in contrast, the report represented by the head of the Moroccan government to the millennium challenge reveals accurate data of the economy development obstacles in Morocco which shows the contribution of the judicial system glitches to curb the development.

The report shows that the procedure taken to get a contract is up to 40 procedures in Morocco, while in Malaysia just 29 and 36 in Tunisia. In regards to the time to get a contract, in Morocco, it is about 510 days, while in Turkey 420 days. Furthermore, in order to get the refunded credit from the justice, you should pay 18% of the credit amount while 7% in Tunisia and 10% in Malaysia. The social role and the moral commitment of enterprises is an investment that affects it positively by the benefit growth and the decreasing of dispute between the administration, its staff and the involved communities, and which also would lead the enterprise workers and beneficiaries' involvement.

However, the main obstacle which prevents small and medium enterprises to be socially responsible relies mainly on the lack of information and the enterprises owners’ ignorance about the challenges of the social responsibility. The Intensive environment protection, the effective measure to improve the work environment, and the investment on the proper innovations are examples of how laws and legislations would encourage the responsible behavior of enterprises.
Conclusion:-
Firstly, the results:
- The study shows that there is no common definition of the social responsibility.
- The increasing of the enterprises’ interest in the social responsibility in many countries which become sustainable development partners.
- The enterprises’ feeling of responsibility achieves many benefits to both the local community and the enterprises
- There is still an ambiguity among people and the Arab world in general about the enterprises’ social responsibility meaning, dimensions, its development and its effectiveness and how to implement and profit from it

Secondly, recommendations:
To implement the social responsibility principle, we recommend:
- Capacity building of the staff and their encouragement to innovate and to rely on themselves through sending them to conferences and sessions related to their occupations.
- To bring experts to enhance the staff competence.
- Encouraging employees to adopt friendly behaviors to the environment through sensibility promotion of the importance of water, electricity and consumable materials protection plus saving of all resources.
- Organizing training sessions on enhancing the enterprises social responsibility by interested parties.
- The importance of a social responsibility administration inside enterprises to plan and execute programs and coordinating with interested parties.
- The need for the enterprises social responsibility subject in the Moroccan universities as it is a very important topic universally.
- A special focus should be given to the press which plays a significant role in mobilizing people, and the need to become involved in social responsibility

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