Exploring Romanian Entrepreneurs' Social Identity

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ARTICLE INFO	ABSTRACT
	The present paper aims at exploring the role CSR plays in developing and strengthening social identity of Romanian entrepreneurs. The study focuses on identifying the main elements that influence the Romanian entrepreneur's social profile. Research has shown positive effects if entrepreneurs are concerned with the creating and developing social identity. The results of the present study provide new insights into the impact of social identity on business practice as a distinctive element that can influence the company's position in the market.

1. Introduction

Social Identity and Entrepreneurship – Theoretical Considerations

According to the social identity theory, companies are in constant pursuit of taking action and adjusting corporate behaviour to the rules and regulations of the society, motivated to promote a positively distinct image in relation to other organizations. Previous research has shown that the social identity of organizations (Fisher, Maltz&Jaworski, 1997) has been seen as a distinct function that aims at symbolizing and projecting the desired image in relation to the reference groups.

Adopting corporate social identity is beneficial for the Romanian entrepreneurship. In this context entrepreneurs use their concerted efforts to convey various aspects of their identity to stakeholders through elements of organizational culture and organizational behaviour.

From this perspective *Corporate Social Responsibility (CSR)* can be regarded as an important factor in the process of creating and strengthening the social identity of a company. Studies suggest that strengthening social identity leads to an enhanced perception of stakeholders and influences the relationship with the company. Essential in creating social identity is the emotional bond with stakeholders (Meyer, 1999; Abratt&Kleyn, 2011). Thus the implementation of a dialogue between the company and stakeholders leads to CSR expansion on corporate level (Smith, Brock J. and Donald W. Barclay (1997).

Although a company can address various social issues such as environmental, economic, health, education, infrastructure and other related aspects, Romanian entrepreneurship is not entirely familiar with certain social aspects of CSR policy.

Successful entrepreneurship requires not only policies related to manufacturing and supply chain and but it also requires a certain flexibility to meet the social needs and requirements of the community. Thus entrepreneurs need to focus both on elements that represent their corporate personality and on those that enable the development of social identity.

Social identity can make the difference due to the emotional bond with stakeholders (Meyer, 1999) since it is the message the entrepreneurs wish to send in order to construct a coherent social image.

Corporate Social Responsibility (CSR) is imperative for companies. Currently there are at least three reasons why CSR must be integrated into the management policies of entrepreneurs:
- CSR activities enhance the image of entrepreneurs and can differentiate their products and services;
- due to globalization entrepreneurs are expected to display a more responsible behaviour which is valued by the society in which they operate;
- development of information and communication technologies.

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The behavioural aspect of entrepreneurship plays an important role in the projection of social identity. Consequently the entrepreneur's corporate personality together with the communication process constructs individuality and can make a real difference at the community level.

The purpose of communication as an advocate of social identity is to positively promote the company's image, stimulate employees' morale, draw customers' attention to products and services, boost sales and maintain a good relationship between the organization and stakeholders.

Social imprint is a management tool through which the resources of an entrepreneur are capitalized in the entrepreneurial system aiming at impacting the society. By comparing the welfare of entrepreneurs, their performance and social imprint, we can mention certain elements that have an impact on stakeholders level:

- employee satisfaction
- business development
- solving social problems
- the relationship between resource demand and benefit supply at the community level.

On the whole, social imprint of Romanian entrepreneurial environment can be generated by initiatives and the social value of products as well as their effects at the level of communities in which they operate.

2. Exploring social identity in Romanian entrepreneurial environment

The present study aimed at assessing the impact of social identity on Romanian entrepreneurs' behaviour from the South-East of Romania. It also aimed at achieving the following main objectives:

1. *Identifying the elements which influence social identity of entrepreneurs*
2. *Identifying the reasons why certain entrepreneurs display more intense social behaviours, attitudes and initiatives*
3. *Identifying policies which can increase the rate of development of social entrepreneurship*
4. *Identifying the relationship between the social behaviour and entrepreneurial performance.*

In order to substantiate the elements that can become guidelines in addressing social identity of entrepreneurs, a survey was conducted on a sample of 145 companies which operate in the South East of Romania.

The data collection was accomplished via a questionnaire which included 19 questions and was made up of two main parts. The first part included 14 questions and aimed at identifying relevant information regarding how social identity elements, which can define the social profile of the Romanian entrepreneur, contribute to business performance. The questionnaire used a semantic differentiation scale that included 5 levels (5 – very important, 1 – very insignificant). Four synthetic items were analysed in order to identify the most relevant aspects related to the way in which social identity elements can contribute to business performance. The second part of the questionnaire included 5 questions that aimed at identifying the company's profile. The questionnaire was posted on Google Drive from February to March 2019 and the link was sent by email to the entrepreneurs from the South East region of Romania.

The identification and analysis of the main elements that can impact Romanian entrepreneurs' social identity enabled the multidimensional analysis of the most relevant aspects, classified into the following categories:

Table no.1 – Elements which influence the social identity of an entrepreneur

SYSTEM OF IDENTITY	ENTREPRENEURIAL BEHAVIOUR
S_1 = visual identity S_2 = mission and vision S_3 = system of values S_4 = objectives	C_1 = identifying the needs of the society C_2 = use local resources efficiently C_3 = adaptability to changes C_4 = compliance with code of conduct and business ethics
ENTREPRENURIAL INITIATIVES	**SOCIAL NORMS**
I_1 = social inclusion I_2 = social products I_3 = social investments I_4 = social responsibility	N_1 = considering thevalues of today's society N_2 = integration of all employees N_3 = preserving social elements N_4 = respect for entrepreneurs
SOCIAL IDENTITY IMPRINT	
AIS_1 = I intend to roll out social responsibility projects in the future. AIS_2 = I intend to involve my employees in social activities AIS_3 = I intend to invest in projects with a high social impact AIS4 = I intend to create social value	

In order to achieve the desired objectives and goals, i.e. identification of the main factors that can define the social identity profile, we used the Structural Equation modelling (PLS-SEM), the Partial Least Square (PLS) technique and the SmartPLSsoftware application (Fig. no.1). For the models under investigation, one for each analysis-group, social identity in relation to the main aspects of the analysis group was designed as formative latent variable whereas the latent variable related to social identity in relation to the Romanian entrepreneur was projected as reflective variable.

The redundancy method was used to assess the creditworthiness of the four analysis groups, i.e. formative latent variables: social identity in relation to the identity system, entrepreneurial behaviour, social entrepreneurial initiatives and social norms. Thus four PLS-SEM models were tested and the previously-mentioned latent variables were included as independent variables whereas the four analysis groups were used as dependent variables.

The results revealed that all four latent variables analysedare valid from a formative perspective of social identity of Romanian entrepreneurs who were included in the survey and questioned about the four elements of analysis. This aspect was also demonstrated by the value of the determinants (R^2), higher than 0.64, $R^2=0.87$ for identity system, $R^2=0.76$ for entrepreneurial behaviours, $R^2=0.65$for social norms and$R^2=0.76$ for social initiatives.

Regarding the **reflective variable** related to the social identity imprint, its creditworthiness is given by the optimum values for specific **validity** indicators (Cronbach's Alpha = 0.95, rho_A = 0.96, Composite Reliability = 0.97; Average Variance Extracted (AVE) = 0.88). To assess the effect of the social behaviour and initiatives in relation to the existing identity elements and social norms on the social imprint of the Romanian entrepreneurs, four PLS-SEM models were created and tested as shown in the figure below:
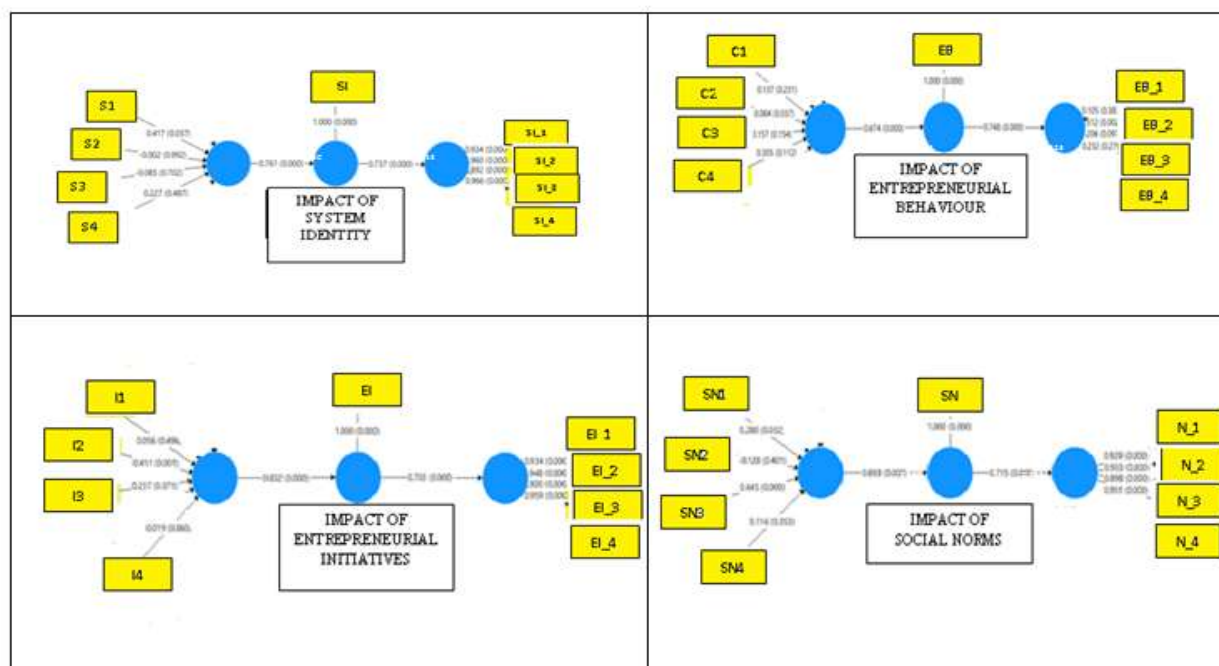

Fig.no.1. Results of structural equation modelling with SmartPLS software application

The first model is based on the elements of the identity system. Social identity in relation to the elements of this group determines the overall social identity in proportion of $R^2=58\%$, in this case the regression coefficient is 0.792 and (p=0.000) statistically representative, the overall satisfaction determines in turn $R^2=54.3\%$ form social identity imprint, regression coefficient is 0.737 and (p=0.000)statistically significant.

Among the variables of this model, social identity of entrepreneurs in relation to the elements of the system of values (S3, regression coefficient 0.417 p=0.037 < 0.05) and mission and vision (S2, regression coefficient 0.322, p=0.038 < 0.05) are the main factors that further determine the entrepreneurs' social identity imprint.

Out of the other identity system-related aspects, only the identity system (S1) and objectives (S4) display relatively higher regression coefficients (0.262 and 0. 227) but are not statistically significantp>0.05). To support this argument we also determined the average provided by respondents on a scale ranging from 1 to 5, 1 meaning very unsatisfied and 5 very satisfied. Satisfaction in relation to the system of values (S3=5.57) displays neither the highest value nor the lowest one but it lies somewhere between the two extremes. However the weakest mark is given to the identity system (S1=5.02). From a different perspective,

entrepreneurs believe that the social identity of a business is not always affected by the elements of a visual identity. In this respect, the use of symbolic elements which can enhance the perception of visual elements is highly recommended.

The second type of model is based on entrepreneurial behaviour. Social identity in relation to the elements of this analysis group determines the overall one in proportion of $R^2=45.4\%$, the regression coefficient is 0.674 and it is statistically representative (p=0.000). Social identity determines $R^2=55.3\%$ of the entrepreneurs' social imprint, theregression coefficient 0.748and it is statistically representative (p=0.000).

Out of the variables of this model which determine social identity in relation to the elements of entrepreneurial behaviour, only in relation to identifying the needs of the community (C1, regression coefficient 0.430, p=0.006<0.05) is the main factor which further determines the social identity imprint.

Regarding the other behaviour-related aspects, only complying with the code of conduct and business ethics (C4) reveals a relatively high regression coefficient (0.305) but it is not statistically significant (p>0.05). To support this argument, we considered the average and found out that social identity in relation to the needs of the community in which the company operates (C1=5.41) lies somewhere in the middle. As far as the ability to adjust to change (C3=4.4) is concerned, although it is not statistically representative, its average is below 4.5, which could indicate a problem. In order to solve it certain measures can be adopted to improve the policies related to change within the company at both the employee level and the stakeholder level.

The third type of model is based on entrepreneurial initiatives. The entrepreneurs' social identity imprint in relation to this group of elements determines the overall one in proportion of $R^2=47.7\%$, with a regression coefficientof0.832 and statistically representative (p=0.000). In turn, it determines $R^2=50.5\%$ of the social imprint of the entrepreneurs included in the present study, the regression coefficient is of 0.703 and it is statistically representative (p=0.000).

Out of the variables that constitute social identity in relation to the entrepreneurs' social responsibility (I4), the regression coefficient is 0.411, p=0.001<0.05) whereas in relation to social products (I2), the regression coefficient is 0.240, p=0.017<0.05, which are the main factors which further determine the social identity of entrepreneurs. Among other social initiatives-related aspects only the social investments (I3) represent an aspect whoseregression coefficient is relatively high (0.237)butit is not statistically representative (p>0.05). In order to support this argument the average calculated for social inclusion (I1=5.85) in relation to social products (I2=5.78) lies somewhere in the middle. The weakest value is recorded for social investments (I3) although it is not statistically representative. Generally speaking the Romanian business environment lacks awareness of social investments. As a solution we could resort to entrepreneurship education programmes which include teaching modules dedicated to social investments.

The forth type of model is based on the social norms to which the entrepreneurs can relate. The analysis of social identity in relation to these elements determines the overall one in proportion of $R^2=48\%$,with a regression coefficient of 0.693 and statistically representative (p=0.000), which in turn determines $R^2=51.1\%$ of the entrepreneurs' social imprint, with a regression coefficient of 0.715 and statistically representative (p=0.000).

Out of the variables which define social identity in relation to social norms services, we mention reporting to the values of the community (N1, with a regression coefficient of 0.645, p=0.000<0.05), employee involvement (N2, with a regression coefficient of 0.282, p=0.045<0.05) and presenting social elements (N3, with a regression coefficient 0.280, p=0.032<0.05). These are the main factors that further determine the Romanian entrepreneurs' social identity imprint.

Satisfaction in relation to the community values (N1, with a regression coefficient of 0.645, p=0.000<0.05), social identity in relation to the policy of employee integration (N2, with a regression coefficient of 0.282, p=0.045<0.05) and in relation to maintaining social-related elements (N3, with a regression coefficient of0.280, p=0.032<0.05), the main factors which further determine the social identity imprint of the Romanian entrepreneurs. Among other aspects related to social norms, the concept of respect (N4) displays a higher regression coefficient (0.116) but it is not statistically representative (p>0.05). The highest value is shown when reporting to the community values (N1=6.14). Although an entire new generation of entrepreneurs is striving to report to social norms, a direct correlation with the values of the Romanian community is difficult to obtain.

Furthermore, the present study analysed the most representative differences generated bythe structure of the four groups of analysis on the social imprint of Romanian entrepreneurs using the Multi-Group Analysis (MGA) using SmartPLS software application.

The results of the MGA analysis are presented in the table no.3 and show some differences of the entrepreneurs who live in the region which encompasses Galați, Vrancea and Buzau (78) compared with those who live in the region which includesBraila, Tulcea and Constanța (67).

Table no. 2 – Results of the multi-group analysis (MGA) based on SmartPLS software application

	1	2	3		1	2	3
Identity system >Social identity	0.657	0.348	0.000	Entrepreneurial behaviour >Social identity	0.887	0.578	0.000
Social imprint	0.654	0.445	0.011	Social imprint	0.867	0.669	0.013

	1	2	3		1	2	3
Social initiatives ->Social identity	0.919	0.790	0.011	Social norms > social identity	0.727	0.690	0.381
Social imprint	0.874	0.590	0.005	Social imprint	0.859	0.661	0.019

Where: 1= regression coefficient for Galați and Braila region; 2= regression coefficient for the Tulceaand Constanța region; 3= statistical significance of the difference between the regression coefficients theGalați-Vrancea-Buzau - Braila-Tulcea-Constanța(statisticalsignificance determined by the absolute value between the extreme values of the 0...1 interval)

In the case of entrepreneurial behaviour there are some differences concerning the influence of social identity and effect of social imprint. The regression coefficient of the influence of identity which affects social imprint of the entrepreneurs from the Galați- Vrancea-Buzau region is 0.308 higher than the regression coefficient for the entrepreneurs from the Braila-Tulcea-Constanța region and it is statistically significant ($p < 0.05$). A possible explanation might be that the people who live in the Galați-Vrancea-Buzau region are more willing to invest in these components, which ensure a higher degree of social visibility. Moreover, the regression coefficientfor social imprint is 0.198 higher for those from the Galați-Vrancea-Buzau region, compared with theregression coefficient of those from the Braila-Tulcea-Constanța region and it is statistically significant ($p < 0.05$).

As far as the social initiatives are concerned, there are differences regarding their influence and effect on social imprint. The regression coefficientfor social initiatives is 0.129 higher for those from the Galați-Vrancea-Buzau region compared with those from the Braila-Tulcea-Constanța region.

Moreover the regression coefficient for the importance of social initiatives as a whole , which influences social imprint is 0.284 higher for those from the Galați-Vrancea-Buzau, compared with the regression coefficient for those from the Braila-Tulcea-Constanța region and is statistically significant ($p < 0.05$).

In the case of social norms there are no differences higher than 0.037 concerning the influence of social norms on social identity and it is not statistically representative ($p > 0.05$).

However there is a difference of perception on the whole, i.e. the difference between the regression coefficient for those from the Galați-Vrancea-Buzau region being of 0.198 compared with the regression coefficient for those from the Braila-Tulcea-Constanțaregion and it is statistically significant ($p < 0.05$).

Therefore we can conclude that social identity imprint is increasingly becoming one of the intuitive solutions preferred by the entrepreneurs in early career stages. The main purpose of this concept is to identify and suggest new definitions and new units of measurements for a business start-up and development, advocating business reorientation towards a more efficient use of the existing resources at the same time considering the social and economic effects of the business development, which are not factored in by traditional economic calculations.

3. Conclusions

Social imprint is an indicator of sustainable development which involves business process reorientation towards a more efficient use of the existing resources in order to generate social effects which are not taken into account by the traditional economics.

The present study demonstrates that an entrepreneur's social identity influences entrepreneurial behaviour in terms of cause and effect. Even if some preferences are displayed in entrepreneurial behaviour for certain constitutive elements that influence social identity, there is however a predominant manifestation of the causal behaviour as an institutional way for businessstart-up and development, determining the entrepreneurs who face certain behaviours of social identity and therefore to adopt certain causal behaviours.

Social identity can become an important aspect in the entrepreneurial process and its design and promotion should focus more on assisting the potential entrepreneurs in the process of social identity imprinting. This process could start with the search for an authentic entrepreneurial identity which would be subsequently integrated into business development.

As initially stated, the theory of social identity has the role of ensuring the proper framework to investigate the relationship between the entrepreneurs' social identity and their social imprint.

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