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*World's Economies In and After Crisis: Challenges,
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ECONOMIC CRISIS IMPACT ON SMES POLICIES CONCERNING SUSTAINABLE DEVELOPMENT VALUES

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Abstract:

Current global economic crisis has had sweeping effect on industries, societies and nations. It is evident that economic downturn will mostly affect more socially vulnerable subjects and inequality in society will probably increase. Sustainable development deals with the issues of inequality: it is directed at enhancing economic, social and ecologic sustainability on a macro level. The role of SMEs in this context is becoming more and more important for achieving sustainability goals. However, as economic crisis hits, there is uncertainty of how SMEs policies regarding sustainable development values will change. Will SMEs remain committed to sustainability? This paper contributes to examining the economic crisis impact on SMEs policies regarding sustainability values by proposing an analytical model for such analysis. Authors build an integrated framework for behavioral pattern of sustainable-development-values-driven SMEs activities and adopt a mathematical model to identify their dependencies. The paper concludes that a mathematical model based on function may be employed for the analysis of economic crisis impact on SMEs policies as far as sustainable development values are concerned.

Key-words: economic crisis, sustainable development (SD), SME, corporate social responsibility (CSR), corporate sustainability (CS), emotional well being .

JEL Classification: Q01/M14.

1. Aims and scope of the paper

This paper aims at theoretical grounding and presenting for the use a mathematical model of dependencies between economic crisis and SMEs sustainability policies for explaining the latter economic crisis impact on SMEs sustainability policies. The model is based on emotional-well-being function. In the first section of the paper author builds and explains the behavioural pattern of SD and Corporate Social Responsibility (CSR) concepts. In the second part an analytical model of behavior of corporate sector is presented. In the last section specifics of relations between SME and SD are discussed. The findings permit that possibility exists for applying this model for the analysis of economic crisis impact on SMEs policies concerning sustainability values.

2. Review of the Literature

Sustainable development (SD):

“Seeking to meet the needs and aspirations of the present, without compromising the ability to meet those of the future” WCED (1987)

Sustainable development when incorporated by the organization is called **corporate sustainability (CS)** and it contains, like sustainable development, all three pillars: economic, ecological and social.

CSR, addressing both the social imperative of business (according to stakeholder theory) and providing potential benefits to business resembles CS by successfully serving for SD values and contributing to SD itself.

3. Methodology of research/ approach

Paper is conceptual in nature. Methodology consists of:

- 1) Building a behavioural pattern of the concepts of CSR, CS and SD.
- 2) Presenting emotional-well-being model (Daza, 2009) and locating the indicator which represents firm's willingness to incorporate SD-values-driven activities into their policy.
- 3) Analyzing opportunities for application of the model for the case of SMEs.

4. Findings and data

1) The linkage between Corporate Sustainability (SD) and Corporate Social Responsibility (CSR):

CSR as far as its values and the scope of activities are concerned, may substitute the concept of CS because:

- a) CSR and CS seek common values on the same enterprise level
- b) large interrelation and interaction exist between economic, environmental and social dimensions of sustainability in an enterprise level.

2) Daza's (2009) model of emotional well being function: companies' activities can be split into two categories: based on economic rational facet and based on other values (such as CSR or CS). The firm's willingness to take CSR (CS) activities is represented by:

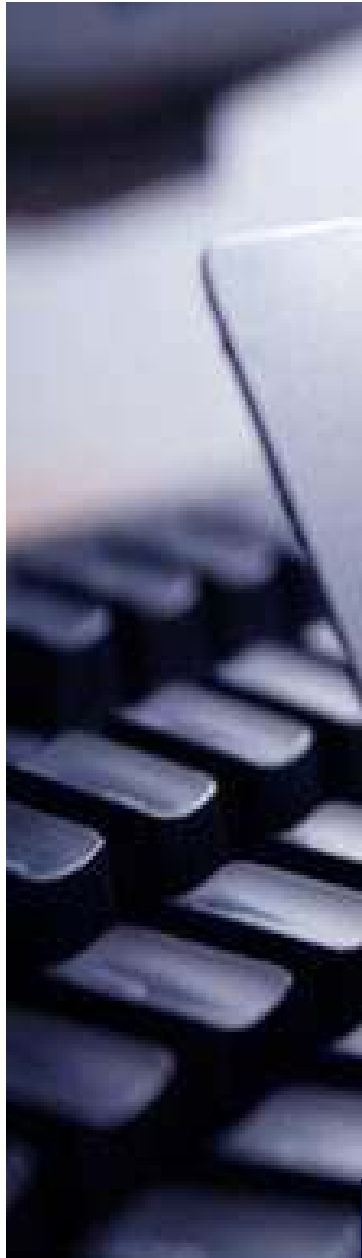
$$a_1 = Cov[\{\sin(\pi w) - \ln(w)\}, \{BE(w) - \ln(w)\}] / \sigma_{\sin(\pi w) - \ln(w)}$$

Global indicator of CSR=

3) SMEs take different approach of SD (CS) than MNEs (LEs). However, the essential perception of SD and SC do not change in SMEs case.

5. Results and Discussion

Daza's model can be successfully applied for the investigation of economic crisis impact on SME policies concerning SD values.



6. Concluding Remarks

For the empirical investigation of economic crisis impact on SMEs policies concerning SD values, process analysis for the shift of Global CSR indicator before, during and after economic crisis should be adopted.

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