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Do Well by Doing Good

Engagement of Smålands SME's in CSR

Bachelor's Thesis in Business Administration

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Abstract

Small and medium-sized enterprises (SMEs) prevail in their business communities and constitute the base of many nations' economies. As a reason it is vital that SMEs show their active engagement and relatedness of their CSR activities making them at the core of their business strategies, as well as maintain their role as responsible citizens in their communities. CSR activities and practices being mainly developed by large corporations impede the way they can be applied on their smaller counterparts; ultimately leading to different results. SMEs require different solutions and run in different settings, which afford them unique opportunities to become sustainable enterprises. The purpose of this paper is to investigate the level of CSR engagement in Småland, Sweden. The study was divided into two parts, social (community wise) and environmental. We aimed to understand the reasons behind engagement and non-engagement in this matter. Also, it was important to find a pattern for future development of CSR among SMEs. We relied on previous research conducted for SMEs around Europe, and compared mainly the results from Sweden to our research findings.

This study was largely done by using the quantitative survey method, where a questionnaire was designed to collect the results. Descriptive and exploratory statistics is at the core of interpreting the results. Some of the findings were confirmed by previous research while the rest were either unprecedented or surprising, both in a positive and negative way. The CSR involvement was highly related to the size of the companies, in total more than half of the companies were involved to some extent. The main reasons for involvement in local communities were ethical as well as to satisfy own employees. The reasons for non-engagement were due to lack of resources, time and money, but also the fact that many companies simply never thought about engagement. When it comes to the environmental part, the results showed that companies act very responsibly. They are also aware and compliant to legislations and have environmental policies. Again, ethical reasons were the main driving force behind environmental concerns for the companies, but also the enhancement of the image was a chief reason. In general, companies do not seem to find economical benefits behind the engagement in CSR and less than half of the companies that engage in social responsibilities today are planning on continuing in the near future. Social involvement is voluntary and companies choose to do it mainly because of ethical reasons. On an overall basis, the engagement of SMEs in social activities is quite weak to moderate, while in environmental engagement the results are to some extent more optimistic. However, we cannot allege that a handful of Smålands SMEs see the full business benefits of engagement and as a result they cannot be said to be working towards 'doing well by doing good'. Policy makers, municipalities and larger firms need to support the SMEs in their further engagement.

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List of Acronyms and Abbreviations

CSR	Corporate Social Responsibility
EC	European Commission
EEA	European Environment Agency
EMAS	Eco-Management and Audit Scheme
EMS	Environmental Management System
EU	European Union
ISO	International Organization for Standardization
LCA	Life Cycle Analysis
PCM	Profit Centered Model
NUTEK	Swedish Business Development Agency
SCA	Swedish Consumer Agency
SEK	Currency code for the Swedish krona
SIDA	Swedish International Development Cooperation Agency
SME	Small and medium sized firms
SRM	Social Responsibility Model
SD	Sustainable Development
TBL	Triple Bottom Line

1 Introduction

This chapter gives a background to the problem and explains why it is of research interest. It includes the purpose and the research questions of this thesis and important definitions.

1.1 Background

At the crossing point between business and society emerges a concept known as Corporate Social Responsibility. This simply means that companies have certain responsibilities towards social and environmental issues as a consequence of their economical activities (i.e. profit making, satisfying shareholders). Satisfying the people (stakeholders), which their activities affect, is crucial to this concept, as well as making sure the future generations needs are not conceded by unsustainable actions that achieve present needs (Bruntland, 1987).

Culturally, in the CSR agenda of Sweden there is a lasting sense of community spirit and collective support and care attributed by the political policies that have shaped the state with a comprehensive social welfare and high state provision (N. Roome, personal communication, 2005-11). There is a real corporate community involvement in Swedish companies. In addition, leading Swedish companies have a bigger concern for prudence in the use of resources and shaping their industries around natural resources (N. Roome, personal communication, 2005-11). As a result, they have a reputation for efficiency and the search for more sustainable applications of technology. This comes from a consensus process which has significant influence on the thinking of many Swedish companies.

The majority of Swedish companies are small and medium and the issues addressed by their larger counterparts have caught on their interest. SME's (Small- and medium-sized firms) make up a significant share of Europe's and Sweden's businesses and thus are important participants in shaping our communities. Since they together make a significant impact on our society, environment, economy their role as responsible businesses needs to be taken into account. We usually associate Corporate Social Responsibility (CSR) with large firms/corporation, since their individual size and impact affect many parts of the social, political, and environment realms (e.g. Shell's extensive CSR reporting as a result of political/environmental problems in Nigeria). Small firms are usually associated with survival and viability of their business and adapting similar CSR agendas as large firms (which have high marketing expenditures) is unduly (CSR Europe, 2002). Furthermore, CSR in general seeks to bring about a more or less voluntary business contribution to sustainable development but not to avail of profits or business viability, but quite the contrary.

1.2 Problem

This thesis seeks to study the issue of CSR from a SME perspective in Småland, a region in Sweden. Engagement and involvement of SME's in CSR through external stakeholder analysis (e.g. the local community involvement) will be in particular an issue of focus. This is the due to the local (as well as culture) nature of SMEs activities due to their size and personal relationships established with different agents that make up their communities (CSR Europe, 2002). This is the reason why investigation on the region of Småland has been selected. Unfortunately, very little is known of the attitudes and activities of SMEs regarding CSR involvement comparing to the research concerning their larger counterparts, especially in Sweden. The second element will focus on evaluating Smålands SME's degree of envi-

ronmental responsibility, through for example identifying the Environmental Management Systems and standards these firms embrace. Here faintly more, but still limited research on Sweden is available, but an element such as exact degree of involvement and exclusion of very small firms' response makes the research non-comparative. It is these two elements, external stakeholder analysis also known as corporate community involvement, and environmental responsibility also known as sustainable enterprises that are imperative to Sweden's (Smålands) SME's. The notion of 'sustainable enterprise' linked closely with sustainable development is an ongoing test for the business community, and the generation of publications has been proof of avid interest in this issue (Weenen, 1999).

Nevertheless, little notice has been given to it in the context of small and medium-sized enterprises, and the notice that it has received has partly been focused in Sweden, Lund where an international summit by the European Environment Agency (EEA) on this topic took place (Weenen, 1999). There is a healthy regard amongst both, British, Swedish, and EU public authorities to see SMEs increasingly engage in CSR. Against this background the aim of this paper is to shed some light on the enterprises degree of sustainability. More research is needed on this issue. This paper tries to provide an outlook into the involvement of SMEs in one of the prominent SME regions of Sweden, Småland, where research on this topic is almost non-existent.

1.3 Purpose

To investigate the involvement of SME's in CSR in Småland area with focus on the firms' (external) corporate community involvement and environmental responsibility (sustainable enterprise).

1.4 Research Questions

We want to, in particular, answer the following questions:

- To what extent do SMEs in Småland engage in CSR for:
 - corporate community involvement? and
 - environmental responsibility?
- In which and what ways do they engage?
- Reasons behind their (non)engagement?
- Future prospects and direction for engagement?
- What benefits and specific practices that may improve business performance can they extract from more engagement, so they can be more involved (Recommendations)?

1.5 Definitions

Here we address and elicit the main concepts and definitions related to CSR and SMEs that are ambiguous and/or need to be thoroughly defined before moving on to the next section.

Small and Medium-sized Firms (SMEs)

In this paper we adopt the EU definition of SME's: businesses that employ less than 250 people (standard European definition of SME size in comparison to 500 employees in the U.S.) (EC, 2006). Furthermore, it is necessary to divide the SMEs even further in order to understand the diversity of these companies. Table 1-1 below shows the three categories of SMEs: micro, small and medium.

Table 1-1 Definition of SMEs. Source: EC (2006)

Firm category	Number of employees	Turnover	Balance Sheet total	Share of firm
<i>Medium</i>	<250	≤ • 50 million	≤ • 43 million	0.8% (50-249)
<i>Small</i>	<50	≤ • 10 million	≤ • 10 million	4.7% (10-49)
<i>Micro</i>	<10	≤ • 2 million	≤ • 2 million	94.3%

Corporate Social Responsibility

Corporate Social Responsibility is a broad topic and it is hard to define it by using one definition. Many CSR definitions have emerged over time and have been subjective to the type of research and contextual factors and even across borders and business sectors. *Ad hoc*, in line with similar research (i.e. European Commission research) conducted on the engagement of SMEs in CSR we have chosen to apply the CSR definition published by the European Commission's Green Paper on CSR through out this paper. According to the Green Paper the definition of CSR is defined as:

'... as a concept whereby companies integrate social and environmental concerns in their daily business operations and in their interaction with their stakeholders on a voluntary basis'. (EC, 2001, p.11)

The parts that encompass Corporate Social Responsibility can also be explained by synonymous words attributed by many other authors (e.g. Joseph, 2000; Craven, 2003) implying pretty much the same thing. They are: Responsible Entrepreneurship; Business Responsibility; Corporate Citizenship; Corporate Social Engagement; Corporate Sustainability; Corporate Responsibility; Social Responsibility and Integration of Sustainable Development in Industry Policy (Moon, 2004). This explains the apparent confusion that has emerged over the main concept of CSR.

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In addition the word 'Corporate' in CSR assumes that social responsibility is practiced solely by larger corporations, not SMEs. A Public Draft of Australian Corporate Social Responsibility Standard (DR 03028, 2003) confirms that the word 'Corporate' should be recognized in a broader context. The CSR concept can be in this way seen as nonspecific in nature and regardless of size and type of organization, whether SME, multinational or public it can be applied (Castka, Balzarova, Bamber, & Sharp, 2003).

Triple Bottom Line (TBL)

A closely linked concept to CSR is the 'Triple Bottom Line' approach, a term claimed by John Elkington in 1979. The concept states that *'for an organization to be sustainable long run perspective-, it must be financially secure, it must minimize (or ideally eliminate) its negative environmental impacts and, finally, it must act in conformity with societal expectations'* (European Project, 2002, p.60). In other words, TBL assumes to cover social, environmental as well as financial information and to integrate them as one, either as a management tool or a reporting tool. This model manages to bring together both businesses' social and environmental aspects, ignoring to isolate each perspective like so many researchers have done. Aside from measuring the traditional financial performance, it also attempts to measure the social and environmental impact of its operations, and report on them.

TBL is in its infancy and has been designed by larger companies for its uses. As it can be seen from this introduction, CSR is an integral part of the 'sustainable development' concept, in the sense that CSR can be understood as the business contribution to sustainable development. In this context, social and environmental responsibilities are not separate but two sides of the same coin, (i.e., the responsible business) (Elkington, 2004).

Environmental Management System (EMS)

An Environment Management System (EMS) as a management tool has its purpose to minimize and handle the environmental consequences (e.g. pollution, waste) of firms' activities, and to achieve sustainable and improved environmental performance (Department of Environment and Heritage, 2005). This is done throughout a systematic and structured approach to formulating, implementing and maintaining (auditing) environment protection measures. Just like other management systems and tools, EMS is an inherent part of firms' daily operations, providing performance measures that can assess the environmental impact of the firm. ISO 14001 is a good example of a standard that has achieved global acclaim for business environmental responsibility. It tries to merely go beyond compliance of environmental regulation (ISO 14001, 1996). EMAS is another instrument, that similar to ISO 14001.

Corporate Community Involvement

This term will be used in the paper interchangeably with the terms: external community involvement, local community involvement, social involvement to specify the firms' involvement (e.g. donations, provision of knowledge and technology, sponsorships etc.) in the communities in which it operates.

Environmental responsibility is often refereed and closely related to the concepts and terms of 'sustainable development' and 'sustainable enterprise'.

2 Frame of References

This section contains an extended background on CSR and SMEs in Sweden as well as theories and previous studies that will underlie the upcoming empirical findings and validate the purpose of this study. Most weight will be put on the two agendas of CSR, namely Corporate Community Involvement and Environmental responsibility/Sustainable Enterprise.

2.1 CSR within the Swedish Society

Since 1971, Sweden has been in a strong relationship with its social partners regarding the matters of CSR (CSR Europe, 2004). CSR is a well known term for many large Swedish companies, such as Volvo, Folksam and Nordea, who are very engaged in CSR. These companies have been involved in social responsibility issues over a long period of time. It is very characteristic for Swedish companies to focus on the environmental problems (Sussdorf, 2003). Companies are likely to be concerned about the negative effects on the environment of its production processes. They are also prepared to make financial investments in environmental matters and are aware of positive financial outcomes of these investments (Sussdorf, 2003).

It is important to understand that Swedish society in general is involved in issues regarding environment and has influenced its companies to be responsible towards the environment. This can also be seen from the fact that the Swedish government has only recently taken actions in order to motivate firms to act responsibly wherever they operate (Sussdorf, 2003).

In 1997 the requirement was introduced, obliging government agencies to integrate environmental management systems (EMS) and also make an annual report on their performances and improvements. Since 1999, all companies of a certain size are required to state in their annual reports the impact they had on the environment. Companies have also to describe the future investment activities and their impact environmental and ethical aspects of their business. (CSR Europe, 2004). Swedish CSR is mainly based on international convention. These policies regard labor standards, human rights, environmental issues but also global matters of human politeness in business. These are important issues as they are directly connected to a more open trade policy and free trade. CSR also simplifies overall foreign policy, where human rights, environmental issues and sustainable development are of a great consequence (Sussdorf, 2003).

Swedish companies have been encouraged to join a Swedish Partnership of Global Responsibility by an invitation in March, 2004. This came from the Prime Minister who saw an importance in motivating companies to be engaged in problem concerning human rights, anti-corruption and a good environment all over the world (CSR Europe, 2004). Swedish Partnership of Global Responsibility has three main objectives. These are: 'To uphold human rights and the principles of sustainable development, to strengthen the competitiveness of Swedish companies and to increase knowledge of the multilateral regulatory framework' (Sussdorf, 2003). It is not difficult to join the Swedish partnership; a written commitment to support and strive to fulfill the Guidelines and the ten principals of the Global Compact is required (Sussdorf, 2003). The companies are also expected to present on their work that concerns the issues of CSR. The participation of signed up companies is presented on the government's website. Large and well known companies such as ICA, H&M, Vattenfall, Apoteket and others are members of Swedish Partnership of Global Responsibility (Sussdorf, 2003).

Several government run agencies have been established to support, facilitate and in some case provide funding for Swedish firms' CSR involvement. The Swedish International Development Cooperation Agency (SIDA), The Swedish Business Development Agency (NUTEK), and The Swedish Consumer Agency (SCA) are the main agencies in facilitating and running projects to promote CSR amongst Swedish firms; CSR Sweden is another organization that seeks to freely inspire and promote CSR but not with the same intensity as the agencies mentioned previously. (Sussdorf, 2003)

However, today's involvement level is not sufficient in order to get more firms into CSR. There is a lack of discussion about CSR in general, and very few debates that are brought up for public acknowledgement. Also, companies have a difficult time to promote their participation in CSR. That makes it even more complicated to understand the actual level of involvement and the results of it. The discussion is also important for the sake to encourage smaller firms to participate but most importantly to see the benefits in participation (Sussdorf, 2003). Most examples of engagement concern the involvement of large companies but there is a lack of the discussions on the level of small and medium-sized companies (Fox, Ward & Howard, 2002).

SME's CSR Development in Sweden and Statistics

It is not surprising that CSR is generally associated with large enterprises. It is, however, very important to apply CSR on the level of small and medium-sized companies as well (Europa Ordlista, 2006). If considering the contribution of SMEs to economical terms in Sweden, we will recognize the major impact these have. The SME sector accounts for approximately 57% of overall turnover in Sweden (EU Upplysningen, 2006). It also accounts for 66% of the net investments (Halvarsson & Larsson, 2004). 99.7 % of all enterprises in Sweden are micro, small or medium-sized (Halvarsson & Larsson, 2004). This means that 580 000 companies have less than 250 employees and only 1 000 are large enterprises with more than 250 employees (Halvarsson & Larsson, 2004). SMEs are very important to the employment rate in Sweden and stand for 60% of employment on the market (Halvarsson & Larsson, 2004).

Entrepreneurship is an important part in business development in Sweden. The number of SMEs' has been continuously increasing since the 1990s, whereas the number of large enterprises has been constant (Halvarsson & Larsson, 2004). In 2002 only 37 430 new enterprises were started (Halvarsson & Larsson, 2004). In terms of viability of the new enterprises, those started during late 1990s, 55% of these are still on the market and had an average turnover of 1.7 million SEK (Halvarsson & Larsson, 2004). From all of the above numbers, it can be concluded that SMEs are very important to the Swedish economy. The SME sector has also a huge impact on the employment in Sweden. The number of SMEs is '*increasing and provides good chances for future survival and economical growth*'. (Halvarsson & Larsson, 2004, p. 16).

Småland: Trade and Industry

Småland's total population is estimated to be 710 409 people (in 2005) that share a total land of 29 330 km² (SCB, 2005). The scope of this paper seeks to investigate SME enterprises from Kronobergs county, Kalmar county and Jönköpings county which together cover the main part of Småland. 9.4% of all SMEs in Sweden are located in Småland, where a handful of them are companies that have less than 10 employees. The information regarding the number of companies in each location, divided by the size, is presented in the table below. (Statistics Sweden, 2004).

Frame of References

Table 2-1 SME statistics in Småland region.

Location / Number of employees	0-9	10-49	50-249	Total
Jönköpings county	32 888	2 330	498	35 716
Kronobergs county	21 599	1 217	225	23 041
Kalmars county	24 082	1 514	302	25898
Total number of SMEs in Småland	78 569	5 061	1025	84655

Source: Statistics Sweden (2004)

Småland is highly involved in environmental matters, where communities are investing in large projects. One of these projects is located in Torsvik, where approximately 130 000 tones of garbage are transformed into energy each year. Other aspects of social involvements are also important issues in Småland. Local governments are strongly engaged in helping entrepreneurs to start new companies. This engagement is crucial since the majority of businesses are micro and around 300 000 people are employed in companies with less than 10 employees. (Smålands Näringsliv, 2005). There are few if no scientific studies available about the engagement of SMEs in Småland (since most of the research has been conducted encompassing the whole of Sweden). NUTEK has contributed with a great deal of research across different regions in Sweden, mostly covering environmental responsibility issues related to SMEs (e.g. Nutek, 2003). Other rare examples of similar research studies based on questionnaires are done by Arnfalk and Thidell (1992), and Heidmark (1999) (cited in Nutek, 2003). This makes this paper and research conducted very interesting, it will provide an overview for CSR engagement in Jönköpings, Kalmar and Kronobergs counties.

2.2 Perspectives of CSR for SME's

SMEs are a diverse group of firms working across many sectors and are characterized as labor-intensive firms who can create many new jobs. In addition, as a result of their flexibility, they can spur innovation (CSR Report, 2002). Unlike larger firms they are more prone to economical instability and responsive to changes in market demand (EC, 2003).

However, their responsibility seems to be documented by studies from the UK and the Netherlands where about 50% of all commercial and industrial waste has been produced by SMEs (EC, 2003). In addition, the European Commission BEST report (2004) estimated that a startling 70% of all industrial pollution was created by SMEs. These studies, among other research indicators (Nutek, 2003; ESSER, 2002; Joseph, 2000; Elkington, 2004; Weenen, 1999), have pointed out to a lag in environmental responsibility in contrast to the larger firms. SMEs social responsibility derogating is also bigger vis-à-vis their larger counterparts, although less than in environmental responsibility, it is still a significant lag in social responsibility (Nutek, 2003).

The CSR concept (including the interrelated TBL, EMS concepts) has mostly been developed by and for the community of larger firms entailing large investments (both in terms of human, financial, and time resources) unduly for SMEs. Large firms are more suited for working across national boundaries and the places they operate in, put significant political/media pressure on them to act in a socially responsible manner; seeing that this would have severe impact on their image (e.g. example of Shell in Nigeria) (N. Roome, personal

Frame of References

communication, 2005-11). As a result of this the reality and motivation for engaging in CSR differs across these two different types of enterprise size (CSR Report, 2004).

The main specific attributes that separate SMEs from larger firms rendering the processes, style and degree of CSR activities different are the following:

- personal values of responsibility;
- strong community links;
- CSR unrelated to business strategy;
- Informal local networks of communication;

Personal sense of responsibility refers to the intrinsic character of SMEs small and close locus of control – the top management and owners personal preference in shaping the way CSR will look like and designating funds for these activities (ESSER, 2002). A research by Stibbard (2000) asserted that owners/top managers' personal opinion had a significant effect on the character and degree of SMEs corporate community involvement (cited in ESSER, 2002). Furthermore, personal values seem to be the main motivator rather than expected business benefits (ESSER, 2002). Secondly, additional weight is put on local communities for SMEs, since they are very much apart and have their main operations focused there. They are dependent on the viability of the local communities of operations than their larger counterparts, as their main resources (e.g. human; employees) originate from here. Thereby their responsibilities are placed in the near surrounding and their business behavior is being shaped by the community itself, which consequently can have impact on firm competitiveness (ESSER, 2002).

Thirdly, as explained earlier, SMEs are often limited by their resources (human, economical and time) and thus might not possess structured and systematic solutions for their CSR activities (relative to larger firms) seeing that their viability is frequently questioned. Therefore, long-term investments in CSR activities that are related to business strategy and that are regular are rare (ESSER, 2002). Finally, the personal connection between the small firms' local stakeholders (and informal network) improves relationships, and establishes trust in the community in such a way that larger firms cannot match (ESSER, 2002).

While large and SME firms have different drives and styles for CSR, they often work together in the supply chain. Larger firms tend to set requirements for their suppliers (SMEs) concerning stringent standards and CSR issues (market pressure) (CSR Europe, 2002). So, in a way, larger firms are believed to induce indirectly (but less so directly) SMEs CSR practices (Joseph, 2000). Nonetheless, SMEs innovative agenda paves way for possible creative solutions for social and environmental issues (Joseph, 2000).

Two more points to note, are that when assessing SMEs involvement it should be kept in mind that a handful of SMEs might actually be working with CSR without knowing and/or referring to it in this way (Spence, Habisch, & Schmidpeter, 2004). Secondly, since CSR is so arbitrary, and researchers, as well as business communities, try to create general frameworks for applying CSR in firms, there seems not to be a single approach that suits all firms of all sizes (Spence et al, 2004). It is suggested to tailor design the CSR according to the social firm characteristics and to reap the full benefits from it – relating it to the firms core business strategy (hence, the Bottom-up approach) (Spence et al, 2004).

2.3 Drawing the Thin Line on CSR

Now that we have identified SME specific characteristics of CSR, how can we see the vague concept of CSR through a theoretical lens and crystallize it. Halal (2000) helps explain that managers of firms miss out to capitalize on seeing their stakeholders as a business benefit and competitive advantage, but rather completely indulge in working with them based on ethical and social responsible ground (cited in Craven, 2003). Craven (2003) provides two schools of thought with example of these two extreme management approaches on CSR.

The first approach, the *Profit Centered Model (PCM)* implies that making profit is the sole purpose for a lawful business and shareholder concerns should be met first (Craven, 2003). From this, stakeholders concerns are just a part of the equation, but not the focal point for attaining their goals. The PCM firms are at the extreme end of the CSR involvement spectrum and can be declared as very reactive to these issues.

To the other extreme lingers the *Social Responsibility Model (SRM)*, probably one of the earliest of the models which contributed to today's CSR concept (Craven, 2003). It works against the PCM model to emphasize doing good rather than increasing profits regardless of responsibilities (Craven, 2003). As each model looks at opposite sides, we know that the CSR concept has to include at least the social and economic aspects of business, meaning a compromise between these two models has to be made. Craven (2003) illustrates the model through identifying the firms' as a socio-economic unit that can accrue profits or improve business productivity through close interaction with its stakeholders. Changing the perspective from doing things because they seem 'right' (doing CSR based solely on ethical grounds) to doing well (making profit) by doing good (collaborating and meeting stakeholders expectations).

The perception of CSR being something just to have for the sake of it and improving the image of the firm, to, having it so you can both meet other peoples (social) needs, environmental needs and still make a financial benefit at it, is the rudiments of its purpose. All in all, discussion on CSR has confirmed that it should be based on sound economic and social arguments, and not solely on moral pressure (Spence, Habisch, & Schmidpeter, 2004).

It should be noted that the three pillars of CSR, namely social, environmental and economic can cover many issues and activities, both internal and external issues, that require more investment and those that ask for simple contributions. The table below provides examples of issues within the three pillars of CSR.

Table 2-2 Examples of issues within the three pillars of CSR (EC, 2003, p. 9).

ENVIRONMENT	SOCIAL	ECONOMICAL
<ul style="list-style-type: none"> • Resource use (materials, water use, energy) • Waste (landfill) • Pollution (air, water, soil) • Biological diversity • EMS • Eco-labeling 	<ul style="list-style-type: none"> • Labor rights • Workplace diversity • Security • Health care • Education • Social integration • Job creation with customers. 	<ul style="list-style-type: none"> • Quality • Innovation • Responsible supply chain management • Fair pricing • Customer satisfaction • Ethical advertising

A firm can engage in one activity or several, or even better, engage in a holistic way. A holistic way aims at doing activities from each pillar and relating to them (EC, 2003). This holistic approach or integrated/structured response aims to show high degree of involvement of CSR by the enterprise resulting in business benefits and competitive advantage that make up for costs of doing a single activity.

Another perspective was provided by Friedman (1970) who suggested that the responsibility of firms was singularly defined by reference to the need to make choices that maintain shareholder value within the framework of the law. Others suggest that firms have an obligation to meet the requirement of the law but that firms should voluntarily accept responsibilities to society that go beyond those requirements. Companies have accepted that a way to secure value for shareholders is through CSR. CSR is a potential source of innovation. It is a basis for developing knowledge or relationships, and therefore a source of competitive advantage.

The main difficulty with CSR is to see beyond commonly used legislations and rules and to act in a socially responsible way regardless. It has to be initiated by sheer will power of making the community better off without being forced to do it. The legislation systems are obviously different in different countries and regions, which makes the concept of CSR unique in each and every case. Each enterprise should try to meet the expectation of its own stakeholders. Also, differences in types of corporations, its cultural environment, resources and stakeholders involvement shapes the way social responsibilities will look like. (Castka, Balzarova, Bamber, & Sharp, 2003).

The main concern of any enterprise is the profitability and economical survival. One of the main conditions for applying CSR into any corporation is its economic sustainability. Traditional way of seeing the relationship between a corporation and its social responsibilities has unfortunately been negative. According to the traditional view, CSR forces companies to make unprofitable choices in terms of, for example, saving costs by using unethical types of behavior (Castka et al, 2003). This theory has however been criticized in recent debates, where the relationship is seen as positive. The corporation is actually gaining profits in its economic performances and creates a long-term relationship with its stakeholders. Attracting new customers by creating an image and a good reputation is one of the most obvious positive contributions of CSR on any corporation. (Castka et al, 2003). In opposition Kramer and Porter (2006) put accent on the negative side of enhancement of reputation and image claiming it to be non-strategic and an isolated approach. They argue that there are four justifications for CSR that firms provide, where reputation is one of them. These four justifications are argued to have several shortcomings that prevent firms performing true and comprehensive CSR activities. They elaborate that these justifications produce *'tension between business and society rather than on the interdependence ... [and the] result is oftentimes a hodgepodge of uncoordinated CSR and philanthropic activities disconnected from the company's strategy that neither make any meaningful social impacts nor strengthen the firms long-term competitiveness'* (Kramer & Porter, 2006, p.83).

2.4 Different Agendas Concerning CSR

Four main agendas of CSR are detected:

- responsible business practices;
- consumer responsibility;

- sustainable enterprise;
- corporate community involvement;

The first area is called *responsible business practices*. For example: in areas of employment, health and safety, salaries and conditions of labor of suppliers, attention to the use of child labor in developing countries. Second, there are responsibilities to consumers to provide products and services that are safe and functional and come from safe supply chains. This area is called *consumer responsibility*. Third, companies need to restructure their activities in line with the objectives of sustainable development. This is the agenda for the *sustainable enterprise*. Finally, there are companies that contribute their knowledge and technologies and other resources to a range of social issues in their communities they operate. We call this area: *corporate community involvement*. (N. Roome, personal communication, 2005-11). After seeing the Swedish CSR practices and analyzing the CSR agendas, we have come to the conclusion that for our positive research the last two agendas are the most significant for Swedish SMEs. Although all these agendas are in some way not mutually exclusive to each other, and it might come to that they overlap each other when business conduct their CSR activities.

2.5 Corporate Community Involvement

Before we embark in explaining what community involvement envisages and what activities SMEs engage in, based on previous studies, it is important to first grasp the theory related to the group of stakeholders and the responsibilities, vested interest and expectations that might arise from the interactions between them and the firm.

2.6 Stakeholder Theory

Stakeholder theory is an important part of this report, since it is directly connected with CSR. It is important to obtain a deeper understanding in stakeholder theory in order to understand towards *whom* the corporation has its responsibilities. It is therefore useful to identify different groups of stakeholders and explain the importance of these.

There are many definitions that are used in order to describe stakeholder theory, most of them are, however, very old and are difficult to apply in relation to CSR. One of the earlier definitions that is widely used and accepted was presented by Freeman (1984), where he describes the concept as, *any group or an individual that is affected in one way or another or has an affect on the organization*. This definition might seem unclear since it is very broad and difficult to actually apply to a specific case. Donaldson and Preston (1995) defined stakeholder theory in a more practical way and divided it into three dimensions; descriptive/ empirical, instrumental and empirical. Descriptive/ empirical explains the actual behavior of firms and management; instrumental describes what will happen if management would behave in a certain way and empirical focuses on the ethical respectability and moral behavior of firms (Donaldson & Preston, 1995).

Companies are mainly focused on being profitable to their shareholders but they also recognize maintaining certain responsibilities towards other stakeholders (Argandona, 1998). Organizations are not only considering the expectations of the governance chain, where management, investors, suppliers and customers are included, but also incorporate the external stakeholders that do not have a direct authority within the organization, such as suppliers, customers and local communities (Johnson et al., 2005). The capability to create

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strong and mutually beneficial relationships with the external stakeholders is enabling companies to create values for their shareholder, not to mention that engagement in local communities can lead to certain cost reductions (BSR Staff, 2003). External stakeholders affect the strategies and purposes of the enterprises through the internal stakeholders, so identifying the difference in expectations that different external stakeholders have and the way these influence the organizational processes is important (Johnson et al, 2005).

As mentioned in the first section, it is important to distinguish different groups of stakeholders. According to the research, conducted by Clarkson (1995), there is a clear difference between primary stakeholder group and secondary one (see Figure 2-1). This research includes owners (investors), employees, customers and suppliers and the public stakeholder group, such as the communities into the primary stakeholder group. The secondary stakeholder groups are media and other interests groups (Clarkson, 1995).

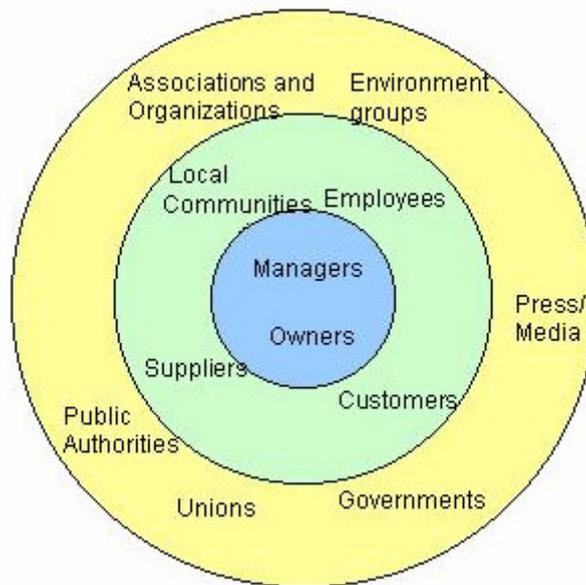


Figure 2-1 The stakeholder web with primary (green) and secondary levels (yellow) (Recklies, 2001).

The main difference is that an organization is highly dependent on its primary stakeholders and will not be able to operate without these. Community provides markets and infrastructures. Secondary stakeholder groups, on the other hand are not significant for the survival of an organization and do not have an actual involvement in organizational transactions (Clarkson, 1995). Most organizations are much more concerned about their relationship with its owners, employees, customers and suppliers. As a matter of fact, many organizations act passively when it comes to establishing a relationship with its communities and do not recognize the importance in satisfying the needs of it (Korten, 1995).

Another approach to categorizing the groups of stakeholders mentioned is by separating them not by level of importance to one owns organization but according to external and internal types. The ESSER (2002) report makes a distinction between the internal stakeholder (e.g. employees, shareholders, owners) and external stakeholders (e.g. local communities, suppliers and other organizations).

2.6.1 Community as a Key Stakeholder

One of the major parts of CSR is the relationship between the corporation and its community (Quinn, 2002). As described earlier, the community is a part of primary stakeholder group and has a great impact on the organization and its performances (Clarkson, 1995). However, the fact that organizations engage less in this matter might depend on the confusion associated with identifying the community (Lepineux, 2005). According to Lepineux (2005), it is difficult to find a single definition of a 'community' as it is often referred to the whole society in the literature. This makes it even harder for any organization to understand which responsibilities it has towards its community. There are many different definitions available and most of them are ambiguous. However, relying on the previous definition of stakeholders we might consider the community to be the neighboring environment to the organization where people live, work and play (Quinn, 2002). It is also assumed that the organization has a direct significance to the community and the community has an effect on the performances of the organization.

CSR is defined as the relationship an organization has with its community (Quinn, 2002). Yet, many organizations are much more interested in keeping the responsibility of being profitable to its primary stakeholder groups (Wood, 1991). This discussion raises a question whether organizations consider community being a stakeholder and if companies realize the impact they have on the community? Let us face a fact that few communities are asked before a major decision-making that has a major impact on the community within an organization (Deetz, 1995). Organizations should consider different types of impacts that they have on the local communities; impact on the community might be environmental, such as water pollution and industrial accidents but also infrastructural, unemployment and substance abuse (Brown, Kane, & Roodman, 1994). These are just a few examples of problems that communities struggle with and organizations are the ones that have all the right tools in order to make a difference (Hawken, 1993). Hawken (1993) stresses that organizations are the key to economical growth and they have relative to other organizations financial resources and technological knowledge that are needed to create a well being community.

Organizational involvement in communities is becoming more important and this development can be explained from a strategic perspective (Altman, 1998). As mentioned before, the primary goal of corporations is to maximize profits. According to Berenbeim (1996) investments that are made by organizations in its communities have been mainly strategic choices. There is a pressure from investors, governments and most importantly consumers, to act responsibly towards communities (Greening & Gray, 1994). However, companies are mainly interested in establishing a good image of being socially responsible (Hood, 1996). That can also lead to a conclusion that actions taken by organizations to be responsible are superficial (Lave & Matthews, 1996). It makes it difficult to recognize how responsible the organizations really are. But is it really important what reasons organizations have as long as they act responsible? According to Jones (1996) it does not matter what actions an organization takes as long as it takes its social responsibilities seriously.

It is worth reiterating that there are no legal obligations on behalf of the firm to be engaged in stakeholder interaction and activities related to community involvement (BSR Staff, 2003). The firms interact to different degrees based on voluntary conditions, based on how much they personally want to be involved and to what extent resources provide for this.

2.6.2 Previous Research: SME's Local Community Activities

According to ESSER (2002) research report on EU SME involvement, half of the European SMEs are involved in their external community activities but to different degrees. It is also documented that the levels of community involvement differs greatly among the three different SME size groups (recall definition of SMEs), where the micro enterprises are involved less than the small and medium (48% for micro; 65% for small; 70% for medium). However, Sweden deviated more from this observation whereby the percentage of micro enterprise involvement was above EU average but still slightly below small and medium percentage of involvement (62% for micro; 71% for small; 71% for medium). The Nordic countries showed a high degree of involvement across all SME sizes with the exception of Sweden which was relative to other EU countries in the intermediate position (ESSER, 2002). Strong public welfare traditions and intense SME environment might have contributed to the lower degree of involvement vis-à-vis other Nordic countries such as Denmark and Finland (ESSER, 2002). (Finland with 83% of SMEs involved while Sweden with only 63%).

SMEs can take numerous decisions on how to participate in local communities through the influence factors of providing resources such as time, money, knowledge, among other things. The main activities that SMEs are involved in are provided in Table 2-3 below.

Table 2-3 Main Activities

Sporting activities
Cultural activities
Health and Welfare activities
Education and training activities
Environmental activities
Other activities

According to the study, sporting activities seem to be the predominant sort of external activity, especially for Swedish SMEs. With sporting activities being the most common, thanks to increased sponsoring during the 1990s by cultural and international organizations in Sweden, other activities in the table above have also caught on SMEs attention (ESSER 2002).

Table 2-4 Ways of Supporting Activities

Sponsorships
Donations
Marketing/Campaigning
Employee involvement in community activities
Employer involvement in community activities

The study continues to identify the ways SMEs support these activities (the main ways are provided in Table 2-4). Sponsorship and donations seem to be the most dominant ways to support external community activities through out the European countries. Donations usually come in the form of cash but are only the second most common way of supporting these activities in Sweden, whereby sponsorship is the foremost way.

Characteristics and Reasons for Engagement by SMEs

An important aspect of being involved has to do with the degree and strategy. The frequency and relatedness to firm business strategy are two key elements which can help explain the characteristics of SME involvement. In general SMEs report that their community activities are *occasional and unrelated to their core strategy*. Once again we can find regular and related business strategy characteristics of involvement being more common as the firm moves from micro and small, to medium (28% of EU SMEs claim this fact). In Sweden evidence shows that SMEs overwhelmingly do their CSR occasionally and make it unrelated to business strategy. Relatedness of business strategy does not seem to be an issue in Sweden, while frequency is more apparent.

Research from the Netherlands provides negative responses on SMEs reporting about their community involvement, not because they might not be aware of the benefits of reporting (such as establishing better relations with stakeholders) but because of the non-standardized reporting for SMEs and cost issues related to producing these reports (ESSER, 2002). There is very limited research on reporting in Sweden and in Europe. It is correct to say vis-à-vis the larger companies SME reporting is relatively very low (64% of 250 largest multinational companies published some kind of CSR reports) (Kramer & Porter, 2006). The problem with different types of CSR/sustainability reports are numerous, however, serious attention is lacking in designed a consistent structure that would illuminate the strategic essence of involvement; it is too fragmented and ignores the impact of CSR activities (Kramer & Porter, 2006).

What are the main reasons for why SMEs perform these activities in their local communities? 8 main reasons are provided here below.

Table 2-5 Reasons for performing local community activities

Ethical reasons
Improve relations with community
Improve customer loyalty
Improve relations with business partners and investors
Improve employees' job satisfaction
Improve economic performance
Apply codes of conduct
Pressure from third parties

As mentioned before managers or owners of SMEs tend to shape the way CSR is run in the firm, and their lack of knowledge about benefits of CSR makes them resort to choosing the

ethical reason for engagement. And the ESSER (2002) report confirms this by pointing to 55% of the SMEs opting for ‘ethical reasons’, with ‘improving public relations with community’ (33%) and ‘improving customer loyalty’ (26%) right behind. Kramer and Porter (2006) mention that ethical reasons (or as they refer to, moral obligations) are one of four arguments firms’ (reputation being the second one) base their CSR case on. They contest that they are an overly dominant case firms’ opt for; however, weak in ambitious CSR engagement, they do not relate directly to businesses financial directions to create benefit.

Similar, but slightly lower figures can be found for Swedish SMEs. Size once again comes into the spotlight, and aside from receiving mostly ethical responses from all sides, micro and small enterprises seem to be especially inclined to choosing this option. The possible explanation could be that the smaller/micro firms are not aware of the business benefits that could be amassed, unlike the medium and large firms (ESSER, 2002). Also, worth mentioning is that Europe’s SMEs do not identify external stakeholder pressure as seemingly significant in their engagement in CSR (CSR Europe, 2002).

One explanation for high positive response rates on ‘improving public relations with communities’ could be that there might be a fair amount of SMEs, especially in Småland, Sweden, which are located in the countryside where stronger community bonds and community pressure is exhorted (ESSER, 2002). It is also interesting to see what hindrance SMEs from being involved in CSR in their local communities. ESSER (2002) reports that 25 % of EU’s SMEs have ‘never consider the option’, and 17% of them claim that it is ‘unrelated’ to their business. Other, more intuitive reasons, is that Europe’s SMEs neither have the time (19%) or the money (16%) to engage in these external social activities.

Table 2-6 Reasons why SMEs are not involved in their communities

Never considered it
Not related to activities of my enterprise
No business benefits expected
Lack of time
Lack of money
Lack of public support
Other reasons
Do not know/No answer

And finally, those involved SMEs future expectations on social involvement shows that 73% believe they will continue their activities and 14% will increase them during the next 3 years. Only 7% of involved SMEs declare to a reduction in their social activities in the next 3 years (ESSER, 2002).

2.7 Sustainable Enterprise and Sustainable Development

To be a purely sustainable SME enterprise a complex set of requirements need to be fulfilled (Weenen, 1999). These requirements concern every part of the organizations opera-

tions and its environmental impact on others, ranging from product issues to process issues. It has been argued that true sustainable enterprises' think beyond the current realm of environmental prevention, and their large creative capacity contributes to break through solutions (Weenen, 1999.)

Firms shifting to sustainable development (SD), that is to say becoming sustainable enterprises (SE), is motivated as a result of the greatly destructive consequences of economic operations affecting natural and social capital (Elkington, 2004). The pace of wealth creation deteriorates the environmental and social issues putting strain on both corporations as well as governments to tackle the issues (Elkington, 2004). Firms tend to try to control their effect on resources which they process. For example, product-development stages can put tension on the resources used and have negative impact on the environment. A tool such as life cycle analysis (LCA) can be used by a firm to identify the stages where a product makes the most environmental impact (N. Roome, personal communication, 2005-11). The problem here is that social and natural capital, a lot of it at least, is not assigned a value (economic) and hence cannot be measured according to its growth and declines (Elkington, 2004). A need for ways to measure this impact is required, and solutions like innovative accounting systems can begin to value not only its economic figures, but environmental as well as social ones. This is where the metaphorical TBL approach with the accountability of corporate responsibilities comes into light.

2.7.1 Triple Bottom Line Approach

The basics of sustainability are the relationship firms' build with their stakeholders and how they respond to them (Elkington, 2004). Elkington (2004) emphasizes that certainty of the TBL approach can be achieved by relating it to the stakeholder approach to CSR to the three pillars of sustainability (see Figure 2-2). *'To be sustainable, organizations will have to be accountable to their stakeholder.'* (Elkington, 2004, p. 27). He suggest that having a full range of stakeholders and issues to deal with and categorizing them into environmental, social and economic pillars (as mentioned in Table 2-2 earlier and can be seen Figure 2-2) will fully reap the benefits of the concept.

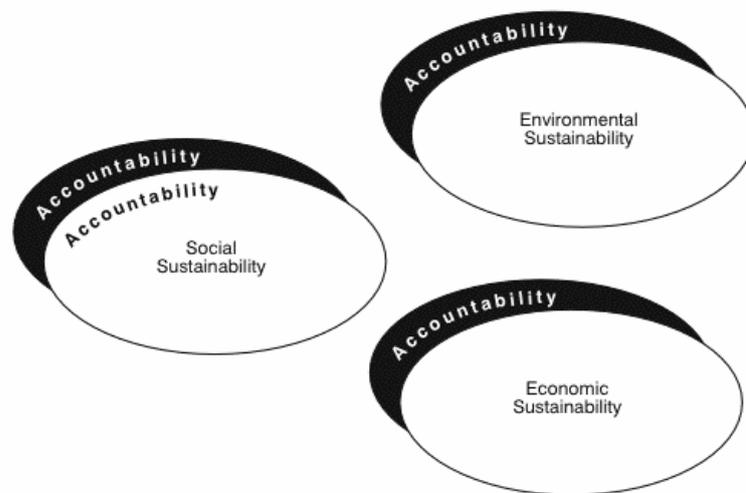


Figure 2-2 The three pillars of sustainability and their separate parts. Source: Elkington (2004)

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It is true that accountability is about the relationship of a company to its stakeholders – which is how part of the social element of corporate sustainability can be defined. TBL goes further in its logic to explain the social impacts of business, more so than stakeholder theory can evaluate (Craven, 2003). In essence TBL tries to measure social responsibility, and its incomplete application in business reality limits its contemporary use (Craven, 2003).

While some stakeholders (such as local communities) may be primarily concerned with social issues, others (such as pressure groups) may be concerned with environmental issues. Yet others (such as shareholders and governments) will be interested in economic issues. It is therefore not appropriate to limit accountability to the social dimension of sustainability. (Elkington, 2004). Here we need to integrate the three elements and treat them as one in the firms' goal to achieve a sustainable development (see Figure 2-3).

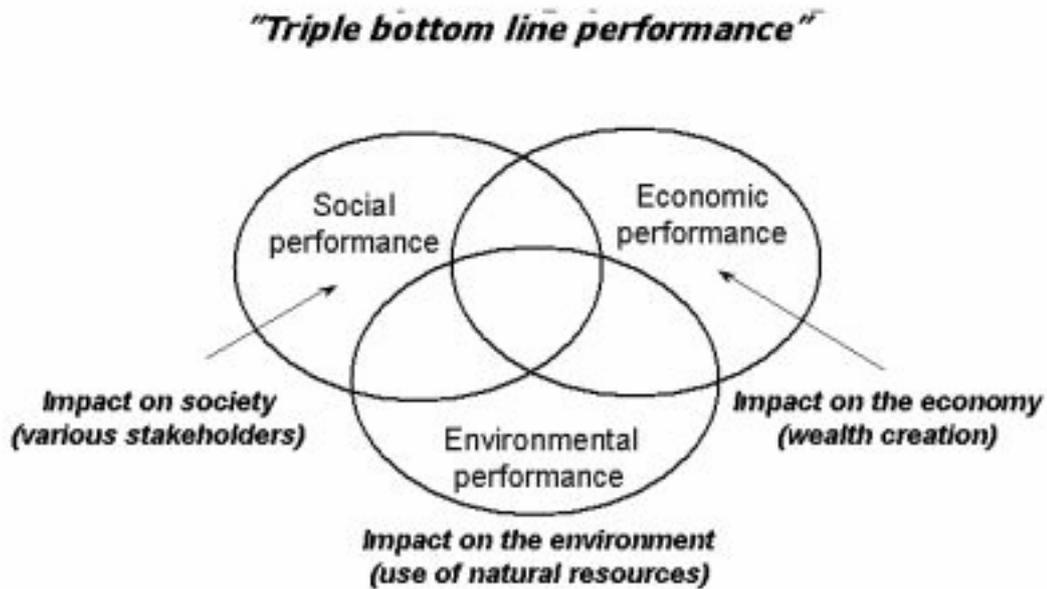


Figure 2-3 The integrated model of the three pillars of sustainability TBL. Source: Ljungdahl (2006).

The TBL approach is one of the concepts that tries to help businesses deal with sustainability (Elkington, 2004). The TBL approach can be implemented in two ways: as a management tool and/or a reporting tool. The TBL accountancy measures are basic to quantifying the environmental performance of firms, and standardization of accountancy methods for the three pillars of the TBL model is necessary for further development of the practical approaches. New accountancy metrics need to be created. (Elkington, 2004)

TBL reporting can provide information and assurance to the society it operates in and to show more action towards accountability. Some mandatory requirements on reporting issues can be found in Sweden (developed in the 1990s) that is pushing for sustainability in this way - unfortunately no complete legislative frameworks for accounting, reporting on TBL exists in any country today (Ljungdahl, 2006). The trends of accounting and reporting initiatives concerning sustainability are being developed as we speak and in many different directions (Ljungdahl, 2006).

Since we already dealt with social sides in the previous section of this paper and touched upon the economic side (shareholder, profits, effect on local economies) we are left to ex-

plain the environmental performance. The EMS system and ISO 14001 standards will lead to this discussion.

2.7.2 EMS, ISO 14001, EMAS and Environmental Performance

When managing the environmental impacts of firms' activities there exists a few tangible solutions, tools (standards) that can mitigate these undesirable effects. These tools or systems have been created as a result of the environmental side-effects of production. Larger firms began to address responses to these issues that underlie potential competitive advantages from being proactive. The realization was that it was better to prevent than to cure (Scott, 2003). This ultimately led to the beginning of EMS and the standards that consolidate it.

EMS (previously defined) which manages environmental issues related to firms' production, serving as a tool for systematic control of environmental work, is usually based on the firms' environmental policy (Ljungdahl, 2006). Furthermore the two standards that reinforce EMS are: the ISO 14000 series or the foundation of them, the *ISO 14001 standard*. This standard specifies the requirements for EMS and it is one of the standards most widely used in Sweden, as well as the easier one to obtain (EC, 2003). The standard is voluntary in nature, providing guidelines to deal with policies, procedures and management of environmental activities. It facilitates in putting the environmental policy in line with EMS; ensuring compliance with environmental legislation; and follows through the implementation, maintenance and constant improvement of EMS (ISO 14001, 1996).

The other standard, solely European one, known as the Eco-Management and Audit Scheme (EMAS) has a similar construct as the ISO standard with the supplemented requirements on publishing environmental performance and measuring environmental impacts (Europa, 2006). This type of environmental reporting communicates and strengthens relationships and trust for firms with their external stakeholders. Once a firm voluntarily registers with EMAS certification it is legally bound to keep the EMS running in accordance to the standard and the reporting it does must be verified independently (Europa, 2006). The certification assures the reliability of the reports and their contents (Europa, 2006). Both of the standards are voluntary and seek to continually improve the firms' environmental performance. Environmental management systems like ISO 14001 and EMAS have been used by SMEs longer than TBL or CSR and therefore there are more reports in this area. (ESSER, 2002).

2.7.3 Grouping Level of Involvement and Identifying Benefits

Previous research (ESSER, 2002) indicates that there are a noteworthy number of SMEs that are involved in both social and environmental responsibility, but whereof a majority of them lack well thought out strategic approaches (e.g. relating their activities to their business strategies) to notice the full benefits of their actions. There are four distinct strategic approaches that one could categorize an individual SME in, and draw out the degree of involvement they occupy (See Figure 2-4). Companies, large and especially SMEs, can be strategically: *reactive*, *receptive/compliant*, *constructive* or *proactive*. Each of these strategies portrays a single *attitude*, *position*, *influence*, *solution* and *focus* exerted by each firm. By moving through the series of stages a firm shifts progressively towards becoming a more sustainable enterprise (notice the shade transition from bright yellow to stark red) (Weenen, 1999).

Frame of References

	Reactive	Receptive/Compliant	Constructive	Proactive
Attitude	Aware of environmental regulation	Full compliance of regulation	Initiative	Environmental benefits leads to competitive benefits/advantages
Position	Defensive	Acceptance	Ambitious	Offensive
Influence	Threat	Competitive neutral	Opportunity	Competitive advantage
Solution	Filter	Process change	Product Development (LCA)	Product & Process Development/Integrative approach EMS
Focus	Minimize costs	Optimize investements	Making Benefits	Maximizing benefits

Figure 2-4 Environmentally driven business development model - Different strategic approaches. Source¹: Adapted from: Ljungdahl (2006), Nutek (2003), Joseph (2000), Berry & Rondinelli (1998), and Weenen (1999).

Firms that are seen as reactive in their environmental (as well as social) responsibilities are merely aware of legislation that regulates their activities. These firm types are reminiscent of past firms, those operating in the time before official reports on sustainable development, and sustainable enterprises sought to change firm's attitudes on these issues (Weenen, 1999). They are very defensive in their position, and see things that influence their profit making goals as a threat seeking to filter (prevent) them (Ljungdahl, 2006).

For example, a firm's emissions containing above average levels of prohibited and poisonous substances which stray counter to national legislation may simply decide it is more profitable to pay fines than to lower their emission levels or modify the system to reduce pollution (short-term thinking). A reactive firm's strategy is true when the costs of paying fines outweigh the costs attributed to complying with regulation. Following regulation will require a firm to modify its system that pollutes (investment costs), or lowering emission on a short term basis (increasing production costs).

Moving on, those firms which are aware of environmental issues and government legislation regulating them, and that trigger their business responses to compliance, are known as *receptive/compliant* firms. In the best case firms take measures to abide by the environmental legislation constantly in development as new threats are revealed. This explains why the issue to follow existing legislation was the most important driver for SMEs until recent years (Nutek, 2003). Receptive/compliant firms derive no business benefits or competitive advantages from their social and environmental activities and according to ESSER more than half of SMEs in Sweden can be categorized as receptive. It is exactly these current leg-

¹ The model was adapted specifically for this study by using several sources and taking concern for sound strategies suited for the SME. It was adjoined and inspired from different sources rather than radically modified.

islations and regulations that serve as the main incitements for engagement of SMEs (ESSER, 2002). However, Berry and Rondinelli (1998) assert that pollution prevention (done by more proactive and constructive firms as we will see later) is frequently much more cost-beneficial than regulatory compliance. Even further these firms surpass prevention and enter innovation to producing their technologies with no or minimal waste disposal, for example (Berry & Rondinelli, 1998).

In addition, when speaking of receptive/compliant firms, donation and charity can fall in this category (philanthropy), since is a rather passive and meagerly voluntary attempt at CSR. Unfortunately to be merely complying with environmental legislation and acknowledging its importance is not, however, consistent with our definition of CSR (mentioned in the definition section of this paper). The CSR definition appropriates a voluntary charge on behalf of the SMEs that goes beyond basic compliance and leads to a more constructive and proactive method (ESSER, 2002). In recent years it was witnessed that mere compliance to environmental legislation was not efficient to supporting firms in their sustainable enterprise quest. More voluntary responses need to create value in addition to the regulatory compliance (Elkington, 2004).

In general, this implies that some opportunities and benefits must aggregate from being involved, a more authentic strategic approach that can both improve the environment and for example improve product/process efficiency simultaneously. A *constructive* firm corresponds to this group. It is from a compliant to a constructive firm where the transformation from a standard enterprise to a socially and environmentally responsible (sustainable) enterprise occurs. A firm takes its own initiatives and takes on an ambitious position to seize some opportunities and business benefits. Example of this would be for a firm to significantly reduce its own waste and emissions, make effective the production of resources, and assess products' environmental impact (through LCA). Possessing an enterprise wide environmental policy would further add to its strategy.

Although an enterprise which falls in this strategically motivated category may seek to be voluntary involved in CSR, however, it falls short on three important characters that would otherwise render it a truly socially and responsible enterprise (a proactive firm). These are that the firm does not: 1) maximize benefits from their activities; 2) use their full innovative capacity; and 3) extend the concepts of social and environmental responsibilities in the direction of a strategic and holistic approach covering all processes, products and locations of an enterprise. This should guide to an integrated approach (TBL, Figure 2-3) with a voluntary motivation as a core business value affecting the operations of the whole firm (ESSER, 2002). This firm can be coined as *proactive*. Berry and Rondinelli (1998) note that: '*Progressive companies are shifting rapidly from a strategy of regulatory compliance to one of proactive environmental management.*'

Tools that we mentioned previously (i.e. EMS, ISO 140001 and EMAS) are good indicators of a comprehensive system that deals with these issues. Other innovative systems and tools also indicate a high degree of involvement but are difficult to register for, in this particular research. The rationale for a proactive firms' engagement can be to improve the firms image, gain a competitive advantage relative to other firms, by establishing new markets (innovative solutions), maximizing resource utility, limiting risk and attracting capital and knowledge (Ljungdahl, 2006). Realizing the benefits of voluntary activities that are strategically integrated as one and related to the core business is symbolic of a proactive firm – a true CSR firm. Berry & Rondinelli (1998) stress that: '*There is growing evidence that firms that adopt proactive environmental management strategies become more efficient and competitive.*'

The highest degree of involvement is when SMEs fully understand the business benefits that incur from it, and pertain a systematic business strategy which in parallel incorporates and acknowledges economic, social, and environmental (TBL) goals without foregoing their viability (Weenen, 1999). Making CSR an integral part of a firm's business allows for structured and integrated responses (see Figure 2-5). In addition, market demands (customer pressure) can put significant pressure on firms to add value to their environmental work. Market demands and customer pressure implies that pressure is put on the firm to, for example, provide environmentally sensible products. Research indicates that these customers are usually larger firms in SMEs supply chains, or municipalities. Whether large or small the company is, collaboration to achieve reasonable environmental results is prompted through these and further encouragement is done by firms using tools such as EMS to assist them in these tasks (Nutek, 2003). These are all indications of a firm that is progressively becoming actively engaged in voluntary environmental activity that renders it at least either constructive, if not a proactive firm.

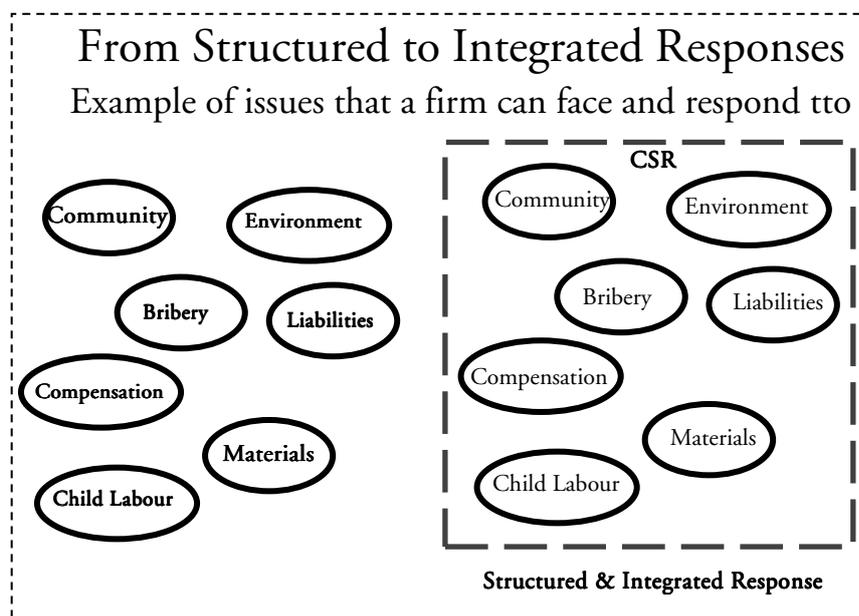


Figure 2-5 Making CSR an integral part of the business. Source: (N. Roome, personal communication and class notes, 2005-11)

Take the example of a case by Rohner Textile AG, a textile SME firm from Switzerland which specializes in manufacturing and dyeing premium textiles.

Case Example: Rohner Textil AG

Rohner is located next to an ecologically protected and sensitive water basin, and there are stringent laws that protect this basin. The dyeing of fabric it produces ultimately pollutes the river. Furthermore, the company is limited to altering its facilities (which are built during the early 1900s) as there is building conservation legislation that regulates the changes that can be made to the facilities. Also, since the industry is surrounded by residential and commercial areas its machinery equipment (looms) produces noise pollution – in the sense that it causes oscillations to the near surroundings. Strict noise restrictions exist to disallow it operating productively.

Despite these limitations, Rohner's innovative capacity managed to make use of the facilities it operates without having to resort to breach of conservation laws. Initiative to reduce noise and oscillations by innovatively and specially designing a suspended floor was a major

success. This prohibited any noise escaping the facilities where the big looms were stationed. In addition to that, Rohner faced a waste-water problem evolving from the chemicals used in the traditional dye-process. The dye-process was assessed thoroughly and it was concluded that major changes had to be made for the firm to meet the demands for improved environmental management and high product quality. A new dye-house was built that suited the needs for capacity and flexibility and considerably reduced water and energy consumption. One outcome of this combined technology and design is that the environmental protection agency has progressively tightened the standard for measured water quality, discharged into the public wastewater treatment system. Since Rohner pays a pollution charge based on measured water quality, as it achieved higher standards the company's water and waste-water-costs decreased significantly in addition to cost savings in terms of energy.

The firm shifted from a reactive environmental management approach based on incremental change to a proactive stance through radical re-design of the company's processes and products. The first step involved subjecting all of Rohner's products to tests in order to obtain their own designed eco-label standard. Rohner's products passed these tests. However, all the environmental issues related to dyeing and other manufacturing processes used in manufacture were not resolved despite the fact the products met the eco-label standard. It was found that some unacceptable chemicals remained in the finished products. Rohner faced the situation that sealing its production processes from contamination to the local area only meant that its customers would have some possible contamination in the products they bought. This led Rohner Textil to develop a strategy designed to use ecological principles as a basis for their business and product development.

These changes, in which environmental concerns provoked technological changes as well as changes in management practices such as the company's accounting system alerted the need for management to examine the company more as a system. This process resulted in the certification of Rohner Textil's quality management according to its environmental management system according to ISO 14001. Rohner was the first Swiss company to establish an environmental management system according to the EMAS. However, if it was not for the tax incentive that Rohner's region provided, environmental investments such as these would be difficult to realize.

Once these management systems were in place to the proscribed standard, the company realised that, in order to make solutions really effective, it was important to *understand its interaction with all the systems with which it was connected*. A key issue was to know more precisely what the company's products contained and the materials they were made from. Rohner Textil developed an eco-controlling concept: a quantitative assessment of the environmental impact of each of its products. This provides the basis on which it found an ecological product development process for their entire product range. The strategic goals set for Rohner in their internal reports were regarded as accomplished: the economic and environment balance was achieved. However, only later Rohner realized that integrating a social dimension that linked environmental and economical issues to the emerging strategy was necessary. The company sought to become more open and transparent to other stakeholders through credible and open reporting, and to encourage more discussion with external stakeholders. With this the integration was finally complete with social concerns joining environmental and economic issues to fit the business strategy.

In short, Rohner managed to eliminate noise pollution to its local community and report on its issues to its external stakeholders (social); managed to close the material loop in the product to ensure zero waste, zero emission not polluting the river (environment) and in-

novated new type of dye-coloring and products that were biodegradable and free of toxins and chemicals, consequently improving waste management and saving energy costs (innovative, economic). The founder and CEO of the company has major influence over the direction the firm was going – due to his conviction of the benefits that can come from this type of responsibility. This all was done on the level of Rohner's business strategy to systematize and integrate into a complete system (based on EMS), creating structured responses. By implementing these ideas, the performance and the profits of the company are competitive within the global market.

Sources: Doove, R.P., Postema, M, and Kuipers, K. (2004). *Rohler Textil AG*. Master degree students case study, & Enderle, Georges (2004) Global competition and corporate responsibilities of small and medium-sized enterprises. *Business Ethics: A European Review* 13 (1), 50-63.

2.7.4 Previous Research

Empirical evidence from Sweden has shown that there is a positive correlation between environmental works by SMEs and profitability (Nutek, 2003). Environmental work implies running EMSs and owning an environmental policy. ESSER (2002) research indicates that 41% of EU SMEs possess an environmental policy. However, micro-enterprises cannot cover for costs related to the implementation of EMS and therefore a majority of them cannot be classified as proactive firms (Nutek, 2003). 'Actively engaged' SMEs, which fall in either constructive and/or proactive categories are represented by roughly a third of Swedish SMEs (Nutek, 2003). In general, indicating the direct impact of CSR activities on behalf of SMEs improved business is not easy to quantify. Luckily tools used in EMS (ISO 14001) can serve as a benchmark and indicate a measurement. In the future the development of accounting standards in association with the TBL concept can appropriate values on the environmental and social activities that can help researchers in measuring the degree of SMEs involvement in CSR (Elkington, 2004).

ESSER (2002) records show that Sweden has a high percentage of certified enterprises with ISO 14001 and EMAS. However, when it comes to Swedish SMEs only a quarter of them are verified with these certifications. The implementation cost is severely higher for an SME. The certification and the implementation costs related to turnover are 8 times higher for an enterprise with less than 19 employees compared to one with 50-110 (ESSER, 2002). Once again size matters when it comes to holding certificates since smaller firms might not be able to afford them.

Also, the reasons that drive their environmental engagement voluntarily show similar results across the few studies, while country differences can vary widely to some extent. ESSER (2002) study on European SMEs purport that market demands (customer pressure) as well as benefits to business seems to be the main contested reasons for this type of engagement. While in Spain you would find that legal reasons drive firms to this work, while 'improving image of firm' is closely behind as the main reason for environmental engagement, and 'market demands' occupy a low third position. In Sweden, however, Nutek claims that 'market demands' (customer pressure) and 'competitive pressure' have become recently the most usual reasons for SMEs environmental activity engagement. Moreover, there was a strong connection between wanting to reinforce market position by possessing environmental standards such as ISO 14001 (Nutek, 2003).

Reputation and image enhancement of firm is still claimed to be another important reason for SMEs engagement in Sweden. However, enhancing image alone is not a good enough reason for high degree of engagement unless it is integrated into a wider CSR strategy.

2.8 Summarizing the Frame of References

In Sweden CSR has been on the agenda for a long time and the rudiments it carries have been established over that period of time. The consensus amongst Swedes for environmental and social responsibility has been backed up by international conventions appropriated in Sweden. Large firms in Sweden have been especially dominant in CSR, and in recent years governmental support and regulation has been widespread in this area. Special emphasis has been put on the environmental concerns in Sweden, as well as in engagement in the communities of business operation. However, not enough action has been taken by Swedish firms in the promotion of CSR, and that is especially true for the SMEs communities in Sweden. The SME CSR story is a unique one, and researchers have only recently started to pay more attention to its significance; for SME's make up more than 99.8% of all enterprises in Sweden as well as provide for 57% of the turnover in the country. SMEs are seen as very innovative, diverse group of firms that create jobs in their communities and that are more vulnerable to economic instability and viability, as well as lacking resources (relative to their larger counterparts). Their level of responsibility in environmental activities has shown a lower rate than larger firms, probably because of the reasons mentioned above, among other things. Coupled with that, personal values of responsibility, strong community links, CSR being unrelated to business strategy, and informal local networks of communication, have rendered SMEs' perspective on CSR different from that of the larger firms—where the CSR concept has been largely formed.

CSR, as confusing and vague as it is, needs clarification. Two schools of thought have helped tap into the thinking owner-managers might have as to why and what kind of CSR their firm is running. The Profit Centered Model and the Social Responsibility Model are two extremes in their understanding of CSR engagement. The former suggest that profits and shareholders are primary, while stakeholders are passively secondary. The latter puts social and environmental concerns primary while profits as passively secondary (resemblance to a non-profit organization). It is suggested to look for a firm somewhere in between these two to find a firm that will through social and environmental activities attain and possibly increase profit. Also for a firm to be truly a CSR firm it has to take into account and engage actively in the three pillars of CSR, namely: environmental, social and economical. Assessment of a firms CSR engagement can be done through identifying if the firm is engaged in only one pillar, two or all, and if engaged in all, does it connect its activities across the pillars to build a coherent response, a holistic approach. This approach moves beyond sheer regulatory and legislature compliance, to voluntary and real CSR actions. Despite the resource constraint SMEs carry, together with their innovative capacity they can invest in CSR by seeing it more than 'just a nice thing to have' to identifying benefits that can accrue from its implementation.

In Sweden, as we mentioned earlier, two CSR agendas stick out the most, namely: corporate community involvement and environmental responsibility, also referred as sustainable enterprise or development. Corporate community involvement concerns the voluntary activities firms engage in their local/external communities where they operate. Central to this is the stakeholder theory and the responsibilities and interest different stakeholders have on the firm. Community is an external stakeholder (cf. internal stakeholder, e.g. employees) or primary stakeholders (are the ones the firm is highly dependent on). The external commu-

nity and the firm are closely intertwined and interdependent whereby the performance of the firm is dependent on the community and the firm affects the community. However, firms' bonds and community links need to be assessed by their strength, since it is a question of how many firms actually communicate with their communities in decisions that might affect both parties. Firms usually are involved in their communities to improve their image of social responsibility. Sometimes engagement may be superficial and identifying it may be difficult.

Previous research has identified that half of SMEs in Sweden are involved in external community activities to different degrees. The level of engagement is significantly dependent on the size of the SMEs; whereby larger SMEs are more involved and vice-versa. Sporting activity engagement and sponsorships, as well as donations seem to be dominant ways Swedish SMEs demonstrate their community involvement. However, this engagement is characterized predominantly as occasional and unrelated to their core strategy • this is less the case as the SME is larger. The main reason for community engagement, usually dictated by owner-managers, seems to be ethical. This reasoning shares a bit more than half of SMEs in Sweden, while the rest identify 'improving public relations with community' (33%) and 'improving customer loyalty' (26%) as a rationale for community involvement. A majority of SMEs (73%) believe community involvement will be more important in the future. Yet, those SMEs that claim they are not involved with their communities identify four different reasons: non-consideration of involvement, unrelatedness to their business, lack of time and the lack of money.

Environmental responsibility is another element of CSR that pushes towards sustainable development and sustainable enterprises. Firms' environmental impacts need to be controlled and tangible tools and voluntary methods going beyond regulatory and legislative compliance exist to exercise control. Namely, the concept of TBL sheds light onto these notions, and attempts to lead firms into measuring their environmental and social impacts (accounting for them) and options for reporting on these issues. The TBL approach encompasses previous societal issues, such as stakeholder issues related to community, environmental issues, such as use of natural resources and handling waste, as well as wealth creation (economic). These three elements when combined have the most effect for a sustainable enterprise. The EMS helps put together these issues in a system that firms can use to regulate their environmental impact. Firms' environmental policies as well as standards such as ISO 14001 and EMAS facilitate in enhancing and sustaining, as well as making credible this system.

Four strategic approaches to categorizing the level of environmental, as well as social, responsibility firms reveal, is provided. Firms can be identified either as: *reactive*, *receptive/compliant*, *constructive* or *proactive*. Reactive firms are characterized by being aware of environmental regulation but are very defensive in their strategy towards it. They display no sign of voluntary actions at CSR and can even go counter set regulatory frameworks. Receptive/compliant firms on the other hand are both aware and compliant to the regulations, but see now apparent benefits that can amass as to their involvement above compliance. Moving on, constructive and proactive firms go beyond mere compliance and seek through their active and voluntary actions make business benefits. Proactive firms go a step further and demonstrate that they can be voluntarily active in a more holistic, integrated and strategic way, maximizing benefits and innovating in the field of CSR. They make all their activities connected to each other and to CSR. In this was they can create integrated responses. Rohner Textile AG is good example of a proactive firm.

3 Method

Here we explain the method used for the empirical study, namely a quantitative survey questionnaire analysis and its sample choice, design, collection method, quality as well as manner of analysis. The choice of method is determined by the discussion in the frame of reference section.

3.1 Quantitative Vs. Qualitative

According to Lekvall and Walbin (1999) there are two types of research methods, qualitative and quantitative. Qualitative approach generates a deeper understanding in the subject of study. It is usually obtained through interviews, surveys and case studies. In order to get as much information as possible, the researcher often needs to interact personally with the person. When using the qualitative approach the number of responders becomes irrelevant, the interviewer rather seeks to understand the problem and not to put it into numbers. Quantitative research on the other hand aims to interpret information into numbers. The researcher is using questionnaires and interviews to gather the information. The number of responders is an important part of quantitative research; the research is aiming to gather as many respondents as possible. (Riffe, 2005)

Our principal research method used is quantitative; however, application of relatively very little qualitative research to our findings is done as well. The reason for having largely used quantitative research is to try to generalize the information we collect into a broader context. By collecting the answers from a wide range of different companies, we understand how SMEs engage in CSR. We are looking for a pattern to analyze different kinds of relationships, among which is the connection between previous studies on the similar subject and our results. Also, we are mainly focusing on the numerical results from the research of the matter. Since the issue is very complex we need a deeper understanding besides the numeric results. That is why we choose to apply some qualitative research as a complementary to the studies provided by quantitative data.

3.2 Sample Size and Measurement

Sampling is a subset of a population that a research aims to investigate. It is important to have a large sample size in order to get as near as possible to the correct results and make a correct representation of the population. The sample should contain randomly chosen units, (i.e. each unit has an equal opportunity of being selected from the population, and this is called the simple random sampling). A simple random sampling is however not always a good way of measurement, especially when the population list is long or it is hard to estimate the population and the sample size is too small in relation to it. So, it is important to choose a right measurement system in order to get reliable information about the population. (Riffe, 2005)

Due to time and resource limitations it is impossible for us to collect enough answers from companies in order to have a large sample size. We believe that we were able to randomly choose the companies from our population and all the companies had an equal chance of being chosen. Still, simple random sampling was not an option for us due to a great difference in population and sample sizes. That is why we chose to break up the population into three groups generating a close representation of population and giving us a fair ability to analyze the findings. There are over 70 000 SMEs in Småland, by estimating a sample size of 102 we will cover only 1.4% of the population. This number is too small in order to ob-

tain an overall understanding of the results collected. Simple sampling is therefore less useful and a stratified simple random sampling is the best way for us to get a reliable result.

Stratified simple random sampling is an ordinary random sampling that divides population into smaller groups. It is used to get a more reliable result from a small sample in a large population. Stratified sampling, also, narrows down the population size by dividing it into smaller groups and gives an opportunity in obtaining a proportionally larger sample size for each population sub-group. In stratified sample we focus on each stratum or group separately. It makes the results of each stratum proportional to underlying size. The confidence intervals are narrower than if the sample would be compared to the whole population. (Garson, 2006)

In the case of our study, we divided the companies into three groups according to number of employees. Numbers of companies in each of the three chosen categories are very different. There are 15 times as many companies with less than 10 employees as it with 10 to 49 employees. This is the main reason for us to apply stratified random sampling to our work and make the results as reliable as possible. We also recognized the weakness of the sample size and by dividing the information; we will be able to decrease the population in proportion to the sample size.

3.3 Data Analysis

Our data analysis is intended to describe the characteristics of the stratified random sample, evaluating the frequency of occurrence to find out what is common, and construct patterns and relationship (e.g. between different SME sizes) based on this (Riffe, 2005). After collecting and organizing data it is important to analyze the information but also present it in appropriate program. It is necessary to eliminate some parts and concentrate on the results of more importance for the chosen research. We chose to analyze all collected data in a statistical program called SPSS 13.0 SPSS (Statistical Program for the Social Science), some parts were also treated in Excel.

In order to analyze the 102 company responses we created a template for all the 17 questions in SPSS. Companies were first divided into three groups according to size: medium, small and micro. Further, all the answer alternatives had to be transformed into numbers, where each number represented one answer alternative. For example, for the first question companies could choose between two answer alternatives, "Yes" and "No", in SPSS "Yes" was represented by the number "1" and "No" by the number "2". The same pattern was applied for all the questions. This template was used to fill in all the responses for all companies. For each question the data was divided into two types, nominal and ordinal. In the nominal data, the alternatives are grouped in categories; here the order of categories is not significant (Leung, 2001). In case of only two different categories, such as "Yes" and "No" the nominal data is sub-categorized as Binary scale (Aczel & Sounderpandian, 2006). Ordinal scale is used for data where categories are ranked (Leung, 2001). The categories for the questions with answering alternatives such as strongly agree, agree and so on, and were labeled as Ordinal in SPSS; other questions were treated in nominal scale.

Cross tabulation is widely used in statistical analysis, it is applied to summarize and understand the connection between two variables, where one is an independent variable and the other one is dependent (Connor-Linton, 2003). The independent variable is selected by the researcher and is used to determine the relationship to the dependent variable (Riffe, 2005). When using the cross tabulations it is important to identify whether the results found are

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statistically significant, which can be done by using the Chi-square statistics (Aczel & Sounderpandian, 2006). In order to generalize the results of a sample analysis to the whole population, the results must be submitted to the test of statistical significance (Connor-Linton, 2003). Chi-square shows the level of confidence in rejecting or accepting a hypothesis and the level to which the dependent variable is related to the independent one (Connor-Linton, 2003). We chose to analyze the data by using crosstabs in SPSS, it was the best alternative for us to present the data in a way that could be easily understood. The independent variable for all the questions is the size of the companies, micro, small or medium. It was necessary for us to compare the results between all the three groups, so the data had to be presented in the way that would enable us to do so. In the tables that were created for each question, the reader can easily see the number of answers and the percentages for each group. We also chose to present some questions in diagrams that were created in excel.

Gathering the averages was also very important as it would drive our overall analysis to some concrete conclusions. Although the research is of descriptive nature in the sense that it uses both secondary data (previous research) as well as primary data (collected results) to explain the 'how's' and 'what's', for the analysis section to explain the reasons *why* and shape the results which will answer the stated hypothesis exploratory research methods are used (Joppe, 1997). This simply means that we determine the results through our own arbitrary development and interpretation, making a sort of informal research analysis (Joppe, 1997). Our small size of qualitative data helps outline this together with secondary information. The combination of descriptive statistics (results) and exploratory research (analysis) helps add more value to the findings.

3.4 Design and Data Collection: Reliability and Validity

In short, reliability of quantitative survey methods can be shaped by several factors such as by: the questionnaire design, position and expert knowledge of the respondents, contact between the conductor of the research and respondent, how well and if the data is plugged into a computer system to receive statistical significance, and how well the collected results are analyzed. All these factors if done poorly could render the quantitative study its unreliability. Reliability assures that the study can be replicated producing similar results (if done under similar conditions) and generalized to a larger population. Once you have established a reliable result the next step is to contest its validity. Validity of the content is important to assure the results can be generalized. The research questions should clearly stand for the questions and variables under research.

We sent out a questionnaire of 17 questions to 242 SME's to acknowledge their acquaintance with CSR and their level of engagement in CSR (focus being put on the external activities and environmental responsibility; divided in two sections of the questionnaire). *Äffarsdata database*, which contains basic information on Swedish firms, was used for contacting companies. The search was adjusted so micro, small and medium sized firms in Småland's three different counties were selected at random. Consequently they were called (telephone contact was established) and asked if they would accept to answering our electronic questionnaire: Those who accepted our offer would receive an email with the electronic questionnaire attached. When calling micro firms we got direct response from the top manager/owner to answer the questionnaire. While, when dealing with small and medium-sized firms (>10 employees) we asked specifically that the questionnaire be directed to, either, the top manager/owner, or responsible person or department that has expertise in answering questions concerning social and environmental responsibility.

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The survey questionnaire was developed so as to identify the level/degree of CSR used in Småland SME's based on the frame of references' previous studies in the paper. The previous research was mainly based on a European Project (ESSER, 2002) conducted on more than 7 000 SMEs in Europe – including Sweden, and the other results came from Nutek who conducted SMEs environmental responsibility research in Sweden. The research served as a guide to identifying important variables as well as to point out to variables that might have lower significance (e.g. SMEs industry sector was insignificant and consequently our research excluded this variable) (Riffe, 2005). Although previous research methods and questionnaire size could not be appropriated in our rather smaller and narrower research analysis, we did however pull out the questions most relevant for our narrower research questions: on external stakeholder and environmental responsibility. We took out the most important questions, provided clear and concise language without overwhelming respondents with too many questions (only 17 questions, all being close-ended). This was done in order to receive a good response rate. We achieved that with 102 responses out of 242, (i.e. 94 non-respondents, 42% response rate), most of them sent via email back to us, while a few were done directly over the phone (usually by micro-enterprises). Response rates above 20% are considered quite good and the higher the percentage the better (Burgess, 2001). We aimed at achieving a good response rate by reminding our recipients of our questionnaire and this led to a better overall response rate – reliability and validity of the sample. A good response rate, such as this, identifies the level of confidence of our results, reinforcing the reliability of the study (Riffe, 2005). Also, having many respondents allowed us to tap into the sub-sets of data, as enterprise size categorization of micro, small, and medium.

The content validity was enhanced by producing a pilot test questionnaire on three firms in Jönköping. Adjustments to language and to the logical flow of the questions were made to yield both, more responses, and a better validity to our intended research. Moreover, comparable data already available was used to supplement our data and give it more validity and support. As mentioned earlier, the questions were motivated by the earlier research in this field (two relevant studies only); and for our simplified research, were adapted (see Appendix 1 for the Questionnaire). For example, only close-ended questions were used to gather data neatly and precisely. Attitudes, indicating the degree of agreement of SMEs towards CSR were crucial to accord for, for our type of study, and this was done through using five-point likert scales (i.e. 7 out of 17 questions). The first question, a yes or no question (single response question), clearly asked if the firm is engaged in CSR (giving several examples of both external and internal stakeholder involvement and ways of being involved). If the answer was 'No' the respondent skipped 9 questions all together and went straight to a multiple response question, asking as to why the firm is *not* involved in these activities. From then on, we would treat environmental responsibility questions isolated from the notion of CSR, assuming all firms to be involved in environmental responsibility at some level or another. This is due to the fact the environmental responsibility fits both strictly outside CSRs' notions of voluntary actions as well as inside CSR (i.e. when it is practiced beyond mere legislative compliance). For example, the first two questions of that section ask respondents to what level of agreement their firm is aware and compliant to environmental regulation, respectively. As you move on from the first question of the two sections, to the last ones you can see that it follows a logical form of low degree of CSR/environmental involvement to high degree.

The combination of single and multiple response questions, as well as rated responses (likert scale), gave us the opportunity to account for *what* and *how* answers (Riffe, 2005; Burgess, 2001). Multiple response questions were a bit trickier, for they usually ranged

from 3 to 10 choices that can be made. The choice of alternatives was suggested by previous research in the field in addition to the last option being open for filling out other alternatives. It was clearly indicated that only one box could be ticked in each question; this has consequences for the way (the number of variables) data is analyzed. Unfortunately, the *why* questions, usually described in qualitative studies (e.g. interviews) were not conducted, and exploratory research helps in solving this issue.

3.5 Qualitative Data

Some qualitative information was collected in the form of a personal communication between the students and professor (Nigel Roome) lecturing on CSR issues at Solvay Business School in Brussels. Notes have been taken during professor's classes as well as personal communication and class discussion notes between the students and the professor to gain insight into the Swedish CSR agenda and other global CSR case studies and examples (e.g. Nokia, Rohner, Shell etc.). Nigel Roome provided numerous examples of noteworthy global CSR cases within large and smaller organizations. Also the motivations behind firm's engagement in CSR were provided. Exploratory research methods support this type of informal discussions that can lead to supporting the main findings (Joppe, 1997).

3.6 Drawbacks on the Chosen Method

Our major drawback lies in our limited research approach. The lack of sufficient qualitative data renders our overall results its completeness. We could not support all the results solely by relying on quantitative data, which answers *what* and *how*, but not *why*. We could not tap into the inherent source behind engagement; by using an interview technique that would have shed light onto the details related to CSR engagement and derived business benefit.

Another apparent drawback lies in the externally socially responsible activities section of the questionnaire. There, we only got half of the SMEs (53 responses) answering questions 2-10 and this sample size might be too low. Also the validity of the results maybe challenged by way of cross tabulations of firm size. What we mean by this is that there might be disproportionate stratified sample evidence between the three firm size classes which can skew the real structure of Småland SME sector. Micros' are less represented by having 15 responses relative to medium-sized firms 21 responses. It is debatable if these disproportions depict the cross tabulations negative, if they did, individual firms should be weighted to offset for the disproportion. The environmental section has more than 30 responses between each firm size class and they vary to the same extent. Other drawbacks include the small sample size comparing to other research done by academic researches such as Arnfalk and Thidell (1992), and Heidenemark who had randomly selected over 300 firms and received quite high response rates.

4 Results

In the following section we present the results conducted from the research. There are 102 responses in total, for questions 2-10 only 53 responses. The results will be presented question-by-question accounting for each individual variable only to culminate at the end with a model depicting a summary of the most significant results.

4.1 CSR Involvement among Different Sized SMEs in Småland

Referring to the study that we conducted, we can conclude that 52% of all SMEs are in some way involved with CSR activities. There is a clear connection between the size of the companies and their level of involvement. In the Figure below we can see that medium-sized enterprises are much more engaged in CSR activities than micro-enterprises. The conducted study showed that two fifths of enterprises with less than 10 employees believed they were engaged in CSR, half of companies with 10-49 employees and almost 67.7% of the medium-sized enterprises were involved in CSR.

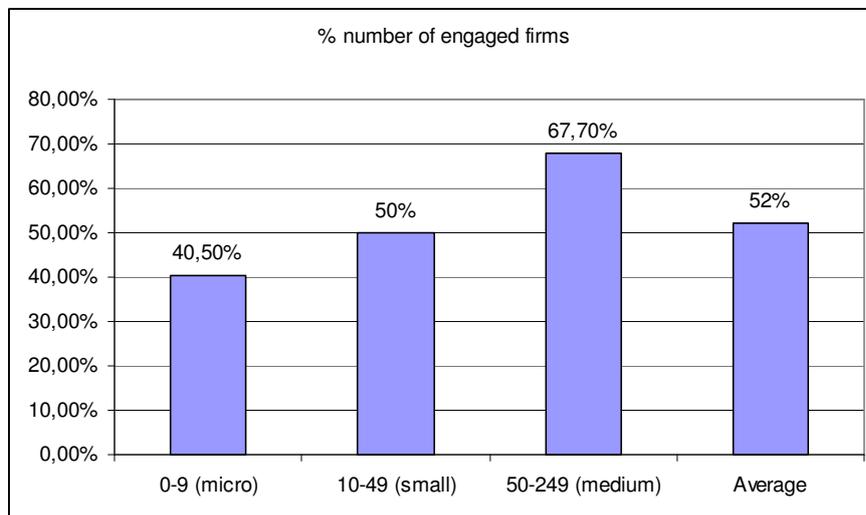


Figure 4-1 Number of Engaged SMEs in CSR

Is the relation between size of firm and level of CSR involvement statistically significant? Chi Square statistics is needed in order to see if the relation between the two variables used in the table above is significant enough to draw any conclusions from.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5,078(a)	2	,079
Likelihood Ratio	5,165	2	,076
Linear-by-Linear Association	4,875	1	,027
N of Valid Cases	102		

a 0 cells (,0%) have expected count less than 5. The minimum expected count is 14. 89.

What does this tell us about the significance of a relation between firm size and the CSR engagement? The number that is key to the observation is the significance level of the test,

Results

which in this case is 0.079 or 7.9%. The level of significance can be chosen between 1.5% or 10%, however it is recommended to use 5% (Aczel & Sounderpandian, 2006). Since 7.9% is larger than 5% we have to be careful in generalization when analyzing. We also have to keep in mind that the CSR engagement might, to some extent, be influenced by other things but size of the firm.

Subsequently, those 52% (53 respondents) of SMEs who are engaged in CSR were asked how apparent/evident their engagement is in the firm. Results among different sized SMEs differ and do not show a clear relationship between size and the apparentness of engagement. Companies with 50-249 employees have a clear apparentness of CSR engagement (a bit more than 70% either agreed or strongly agreed; none disagreed), companies with 10-49 employees do not find it especially significant and companies with 0-9 employees present very varying answers which are inconclusive. Results for companies with 0-9 employees show that 53.4% either agreed or strongly agreed to the stated question and 33.3% disagreed.

Table 4-1 Is CSR engagement apparent in your company?

Cross tabulation		Is CSR engagement apparent in your company?			
		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree
Number of employees	Micro (15)	26,7%	26,7%	13,3%	33,3%
	Small (17)	,0%	17,6%	64,7%	17,6%
	Medium (21)	23,8%	47,6%	28,6%	,0%
	Total (53)	17,0%	32,1%	35,8%	15,1%

Similar as in the question before it is important to ask ourselves whether or not the results found are significant. The Chi square is used in order to decide on this.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20,043(a)	6	,003
Likelihood Ratio	25,003	6	,000
Linear-by-Linear Association	3,081	1	,079
N of Valid Cases	53		

a. 7 cells (58,3%) have expected count less than 5. The minimum expected count is 2,26.

Pearson Chi-Square = 0.003. The level of significance is high enough in order for us to analyze the data. We can also bring the results into a broader perspective and generalize the results of the sample to the whole population.

4.2 External Social Responsible Activities

The Importance of Participation in Local Communities

Results

The largest SMEs within the group, find the local community engagement to be important, 90.5% of companies with 50-249 employees agreed/strongly agreed to this question. The results for companies with 10-49 employees were less convincing, 58.8 % agreed to the question. Only 40% of micro companies agreed to this question and the remaining 60% could not state whether the involvement was important or not. The results from the responses showed that the larger the company the more important is local community involvement.

Table 4-2 Local community activities are important for our firm.

Cross tabulation		Local community activities are important for our firm		
		Strongly Agree	Agree	Neither Agree Nor Disagree
Number of employees	Micro (15)	,0%	40,0%	60,0%
	Small (17)	,0%	58,8%	41,2%
	Medium (21)	23,8%	66,7%	9,5%
	Total (53)	9,4%	56,6%	34,0%

Pearson Chi- Square = 0. 003. We can see from the Chi-square statistics that the results are significant. It also means that there is a chance of 0. 3 % that the conclusion about the relation between enterprise size and the importance of involvement is wrong.

The Way of Participation in (external) Local Communities

Those companies that are engaged in CSR in their local communities explain which particular activities that they engage in. Here, the sporting activities category has a clear dominance, especially within medium-sized companies. ‘Education and training’ is most significant for micro and small enterprises, whereas medium- sized companies are less involved in it. Micro and medium-sized firms are also very engaged in environmental issues. ‘Health and welfare’ category is almost equally important to all the SMEs, while cultural activities are of less meaning the larger the company is.

Table 4-3 The way of participation in local communities.

Cross tabulation		The way of participation in local communities				
		Sporting activities	Cultural activities	Health and Welfare	Education and training	Environmental activities
Number of employees	Micro (15)	26,7%	13,3%	13,3%	26,7%	20,0%
	Small (17)	31,3%	6,3%	12,5%	43,8%	6,3%
	Medium (21)	39,1%	,0%	17,4%	8,7%	34,8%
	Total (53)	33,3 %	5,6%	14,8%	24,1%	22,2%

Pearson Chi- Square = 0.154. The confidence level for the results in this question is lower than it should be. The percentage of 15. 4 tell us that the relationship between the variables is not strong enough and might be affected by other factors beside the company size.

The Ways SMEs Support Communities' External Activities

As we saw in Table 4-3 on the way of participation in local communities, the companies were most involved in (in sequence of importance): 'sporting activities', 'education and training', 'environmental issues', and 'health and welfare'. In this table we can examine in which ways the SMEs are engaged in these. Sponsorship and Employee involvement in community activities are the ways that all the companies, regardless of size, are by far involved in. The Chi square statistics showed that the significance level is very low and there are many other influences on the way companies are involved in external social activities. To be able to analyze this question we will rather rely on the total percentage rather than through cross tabulation of, micro, small, and medium firms. The original table and the Chi- square test are presented in Appendix 3.

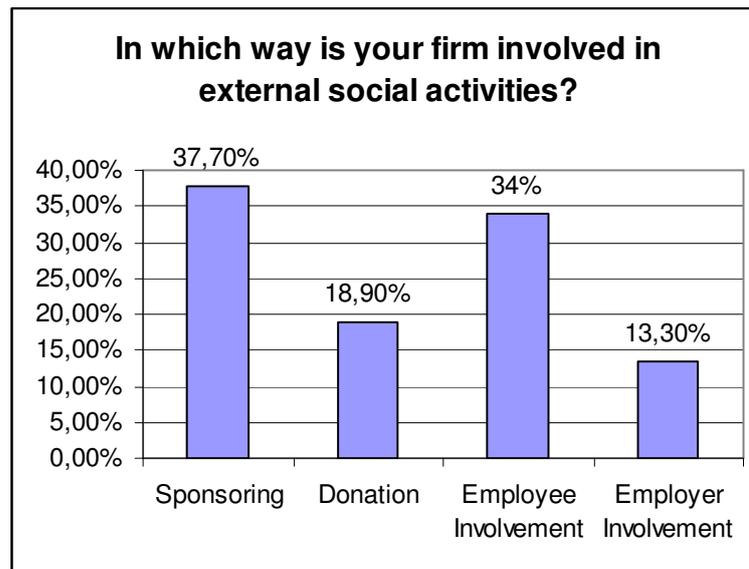


Figure 4-2 Which way the firm is involved in external social activities.

Future Plans to Increase CSR Involvement

Our research showed that 35.8 % of all the companies are intending to increase the level of participation in external community activities, 43.4 % of the companies neither agreed nor disagreed to the question, and 20.8 % are most likely not to increase their level of participation in the near future. The level of significance in this question is lower than needed and that is why the results will be treated with caution to the issue and presented as the total percentages for all the three groups. The original tables can be found in Appendix 3.

Results

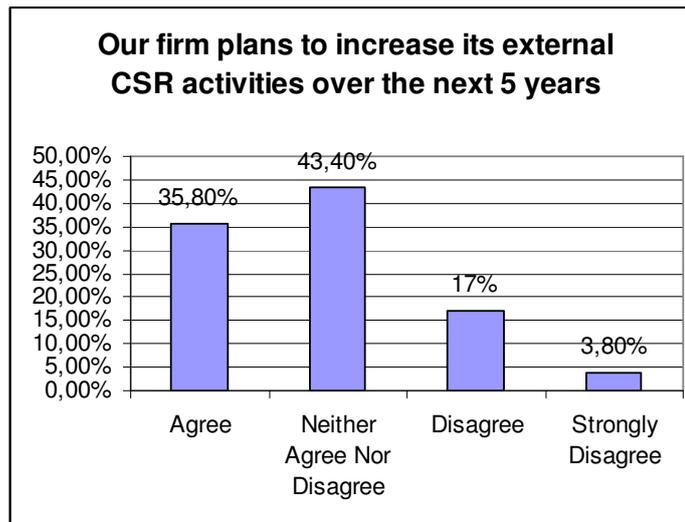


Figure 4-3 Firm plans to increase external CSR activities.

4.2.1 Characteristics and Reasons for Engagement

The Frequency and Relatedness of Firms' Businesses Strategies

Community involvement among the SMEs and its relatedness to the business strategy, showed a strong relationship between size of the enterprise and the level of relatedness. Medium-sized companies' involvement is much frequently related to the business strategy; small- sized companies' find the involvement to be of less relevance and the smallest companies' engagement have the least relation to the business strategy. 57.1 % of companies with 50-249 employees find CSR engagement being related to the business strategy, 35.3 % of companies with 10-49 employees and 26.7 % of the companies with less than 10 persons employed.

Table 4-4 Firm Involvement can be described as?

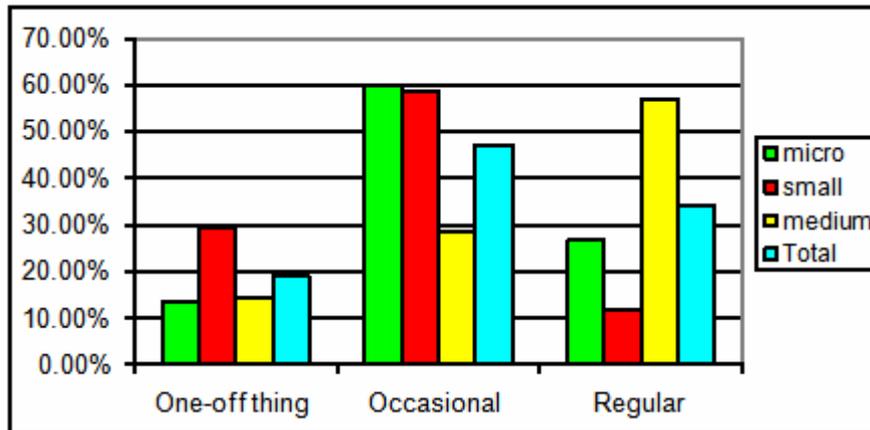
Cross tabulation		Our firms involvement can be described as		
		Related to the business strategy	Unrelated to the business strategy	I do not know
Number of employees	Micro (15)	26,7%	73,3%	,0%
	Small (17)	35,3%	64,7%	,0%
	Medium (21)	57,1%	23,8%	19,0%
	Total (53)	41,5%	50,9%	7,5%

Pearson Chi Square = 0.009, which is lower than 5 % and makes it possible for us to analyze without taking into account other factors of influence.

Medium-sized enterprises are more often involved on the regular basis in the community activities, 57.1% of these find the engagement to be regular and only 14.3 % as one-off thing. Small and micro enterprises tend to be engaged mostly occasional when it comes to the frequency of involvement, 58.8 % of companies with 10-49 employees and 60% of enterprises with 0-9 employees. Small companies are more likely to be involved as one-off

Results

thing and less on the regular basis, than micro and medium companies. On average ‘unrelatedness’ is slightly more evident and frequency as ‘occasional’ more prevalent.



Pearson Chi Square = 0.039. Chi square statistics showed that the level of significance is high enough for us to analyze and make the conclusions from the results.

Figure 4-4 Frequency of CSR activity.

The Extent to Which SMEs Report Involvement

The research shows that the larger is the company the more important it is to report on involvement in community activities. 71.4 % either agreed or strongly agreed to the question regarding reporting of CSR involvement. Only 11.8 % of small companies chose to agree to this question and 13.3 % of the micro enterprises. Also, 52.9 % of small companies and 46.6% of micro either disagreed or strongly disagreed to this question, which can be compared to a 9.5 % disagreement level for the medium-sized companies.

Table 4-5 It is important for our firm to report on engagement in CSR.

		It is important for our firm to report on engagement in CSR				
		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
Number of employees	Micro (15)	,0%	13,3%	40,0%	33,3%	13,3%
	Small (17)	,0%	11,8%	35,3%	29,4%	23,5%
	Medium (21)	23,8%	47,6%	19,0%	9,5%	,0%
	Total (53)	9,4%	26,4%	30,2%	22,6%	11,3%

Pearson Chi Square is 0.4% for the results in this question. The relationship between two variables in cross tabulation is strong enough for us to analyze.

The Reasons for Engagement in External Activities

Companies show that the reasons for engaging in external community activities are different. Ethical reasons and ‘improvement of employee satisfaction’ are the most important motivations for all three class sizes. Medium-sized companies are aiming to improve the relationship with communities and expect to benefit through the engagement. Small and medium firms do not see that the engagement really can benefit or generate profits to the

Results

companies. 29.4 % of small companies feel pressure from customers regarding the CSR engagement; however, both medium and micro enterprises did not feel this pressure at all.

Table 4-6 Reasons for performing external activities?

Cross tabulation		What is the single most important reason for performing any of these actions?				
		Ethical Reasons	Improved relations with communities	Market demands (customer pressure)	Improved employee satisfaction	Benefits to business (improved profitability, competitor advantage)
Number of employees	Micro (15)	40,0%	13,3%	,0%	40,0%	6,7%
	Small (17)	47,1%	,0%	29,4%	23,5%	,0%
	Medium (21)	23,8%	23,8%	,0%	38,1%	14,3%
	Total (53)	35,8 %	13,2%	9,4%	34,0%	7,5%

Pearson Chi Square = 0.012. The level of confidence for the results in this question is high enough and enables us to analyze separately for each group.

The Reasons for Non-engagement in CSR

Those companies that do not engage in CSR stated that the main reason for that is that they never considered doing so. Small and micro firms state that they do not have enough time or money in order to engage in this matter. 20% of small-sized companies do not expect any profit from involvement in community activities and the same percentage of medium-sized companies do not perceive these activities being related to their businesses. Also, 20 % of medium-sized companies referred to other reasons; however none of the reasons was additionally described.

Results

Table 4-7 Reasons for not performing external social activities.

		What is the single most important reason for not performing any of these actions						
		Never thought about it	Not related to the activities of my firm	No benefits expected	Lack of time	Lack of money	Other reason	Don't know/no answer
Number of employees	Micro (15)	36,4%	9,1%	,0%	9,1%	27,3%	,0%	18,2%
	Small (17)	30,0%	,0%	20,0%	25,0%	25,0%	,0%	,0%
	Medium (21)	40,0%	20,0%	,0%	,0%	,0%	20,0%	20,0%
	Total (53)	34,6%	7,7%	7,7%	13,5%	21,2%	3,8%	11,5%

Pearson Chi Square = 0.004. We can conclude from the Chi Square analysis that the value is lower than 5 % and gives us a high enough level of confidence for the estimated results.

4.3 Environmental Responsibility and Sustainable Enterprise

The Awareness and Compliance of SMEs on Existing Legislation and Regulation Concerning Environment

According to conducted research medium-sized companies have a very good awareness of existing legislations, where all of them either agreed or strongly agreed to the question. Small companies also have good knowledge about the legislations, where 76.5 % agreed or strongly agreed. Among the micro enterprises, the number of agreement ended at 78.3%, however 10.8% disagreed to this question.

Table 4-8 Awareness of legislation and regulations on environment.

		Our firm is aware of existing legislation and regulations related to the environment			
		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree
Number of employees	Micro (37)	32,4%	45,9%	10,8%	10,8%
	Small (34)	29,4%	47,1%	23,5%	,0%
	Medium (31)	67,7%	32,3%	,0%	,0%
	Total (102)	42,1%	42,2%	11,8%	3,9%

Pearson Chi Square = 0.001. The test showed that the confidence level of this question being connected is high enough for us to analyze.

In general all companies comply with existing legislations; however the largest ones are those that fulfill it the most. 87.1 % of medium-enterprises strongly agreed to the question,

Results

which can be compared with, 55.9 % for small- sized and 43.2% for the micro companies, respectively.

Table 4-9 Compliance with legislation and regulation on environment.

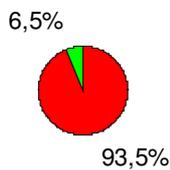
Cross tabulation		Our firm complies with existing legislation and regulations related to the environment		
		Strongly Agree	Agree	Neither Agree Nor Disagree
Number of employees	Micro (37)	43,2%	29,7%	27,0%
	Small (34)	55,9%	26,5%	17,6%
	Medium (31)	87,1%	6,5%	6,5%
	Total (102)	60,8%	21,6%	17,6%

Pearson Chi Square = 0.006

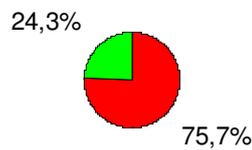
Existence of Environment Policy

93, 5% of all medium-sized enterprises have a formal environmental policy, 76.5% of small and 54% of the micro ones, respectively. Here we can see that the existence of environmental policy has a strong and clear dependency on the size of the companies.

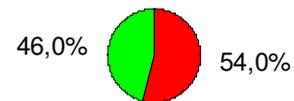
50-249 (medium)



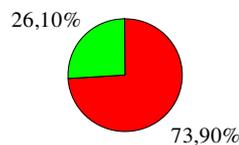
10-49 (small)



0-9 (micro)



Total



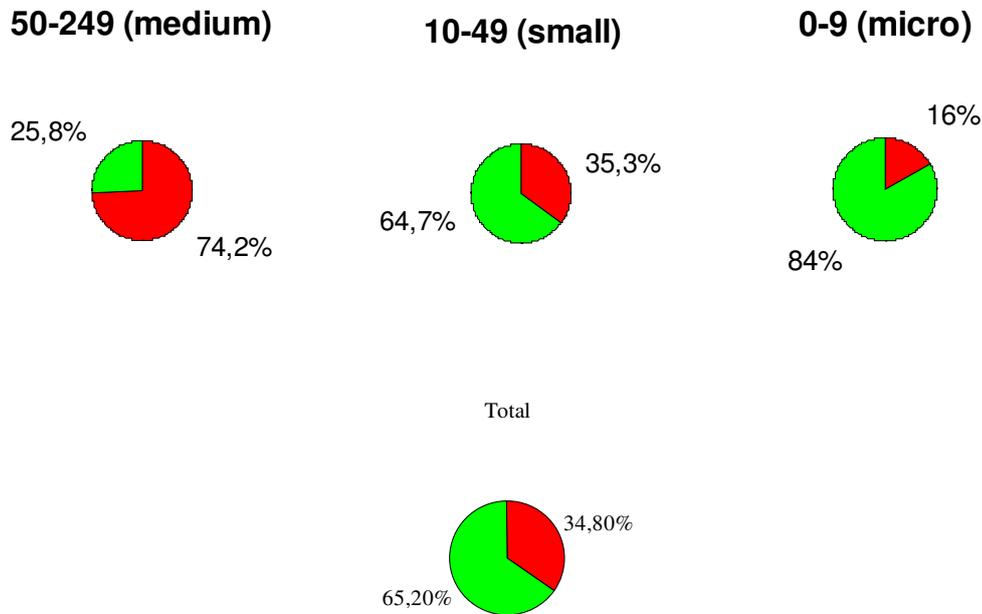
The two variables in the question are highly connected since the Chi Square test showed a confidence level of 0.01 %.

Figure 4-5 Share of SMEs that possess environmental policies.

Results

Use of Formal Environmental Management Systems

A similar pattern can be witnessed when it comes to the use of formal environmental management systems. The larger is the company, the higher probability it will use formal standards; 74.2 % of medium- sized enterprises, 35.3 % of small- and 16.2 % of micro companies. Here we can conclude that medium- sized companies have a much higher percentage of practice of formal standards than their small and micro counterparts.



The Chi Square percentage is 0 % which shows that there is 0 % chance that the two variables in the cross tabulation are not related.

Figure 4-6 Share of SMEs that possess EMS.

Future Engagement in the Environment and Reasons

In general, all three SMEs' consider for environmental involvement to become more important in the near future. 74.5 % of all the companies either agreed or strongly agreed to this question. The Chi square for this cross tabulation is almost 22 %, therefore we present the total results instead of presenting it for each group.

Results

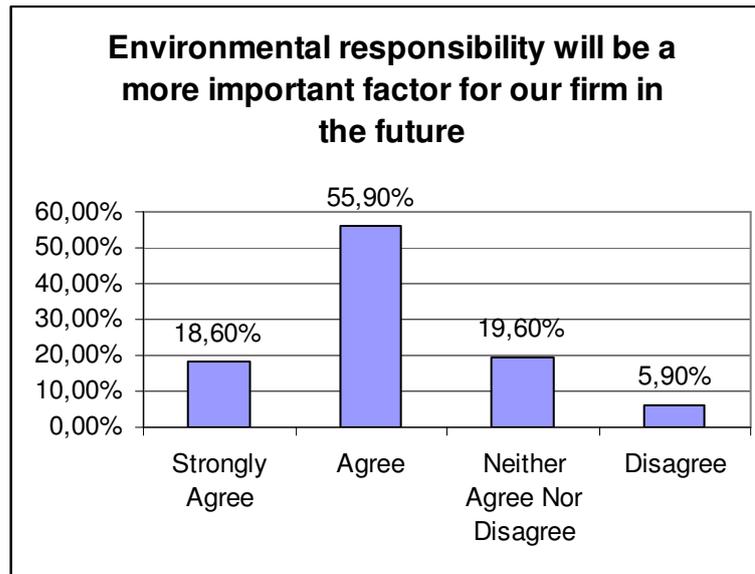


Figure 4-7 Environmental responsibility future prospects.

Why do SMEs Engage in These Activities?

'Ethical reasons' and the 'enhancement of companies' image' are the most important reasons for companies to engage in environmental issues. Micro companies find ethical reason to be most important than small and medium enterprises and medium companies seem to prioritize the enhancement of the image more than others. 23. 5% of small- sized companies expect the engagement in the environmental issues to benefit the business, which is the highest percentage among the three groups.

Table 4-10 Main reasons for performing environmental activities.

		What is the main reason for performing above mentioned environmental activities					
		Ethical reasons	Benefits to business (improved profitability, competitor advantage)	Enhancing the image of the firm	Pressure from stakeholders	Do not know	Other
Number of employees	Micro (37)	67,6%	10,8%	16,2%	,0%	5,4%	,0%
	Small (34)	35,3%	23,5%	23,5%	5,9%	11,8%	,0%
	Medium (31)	32,3%	16,1%	38,7%	,0%	6,5%	6,5%
	Total (102)	46,1%	16,7%	25,5%	2,0%	7,8%	2,0%

The Chi Square test is 2, 4%, which is less than 5 % and the results can be considered to be connected to the research question.

4.4 Summarizing the Results

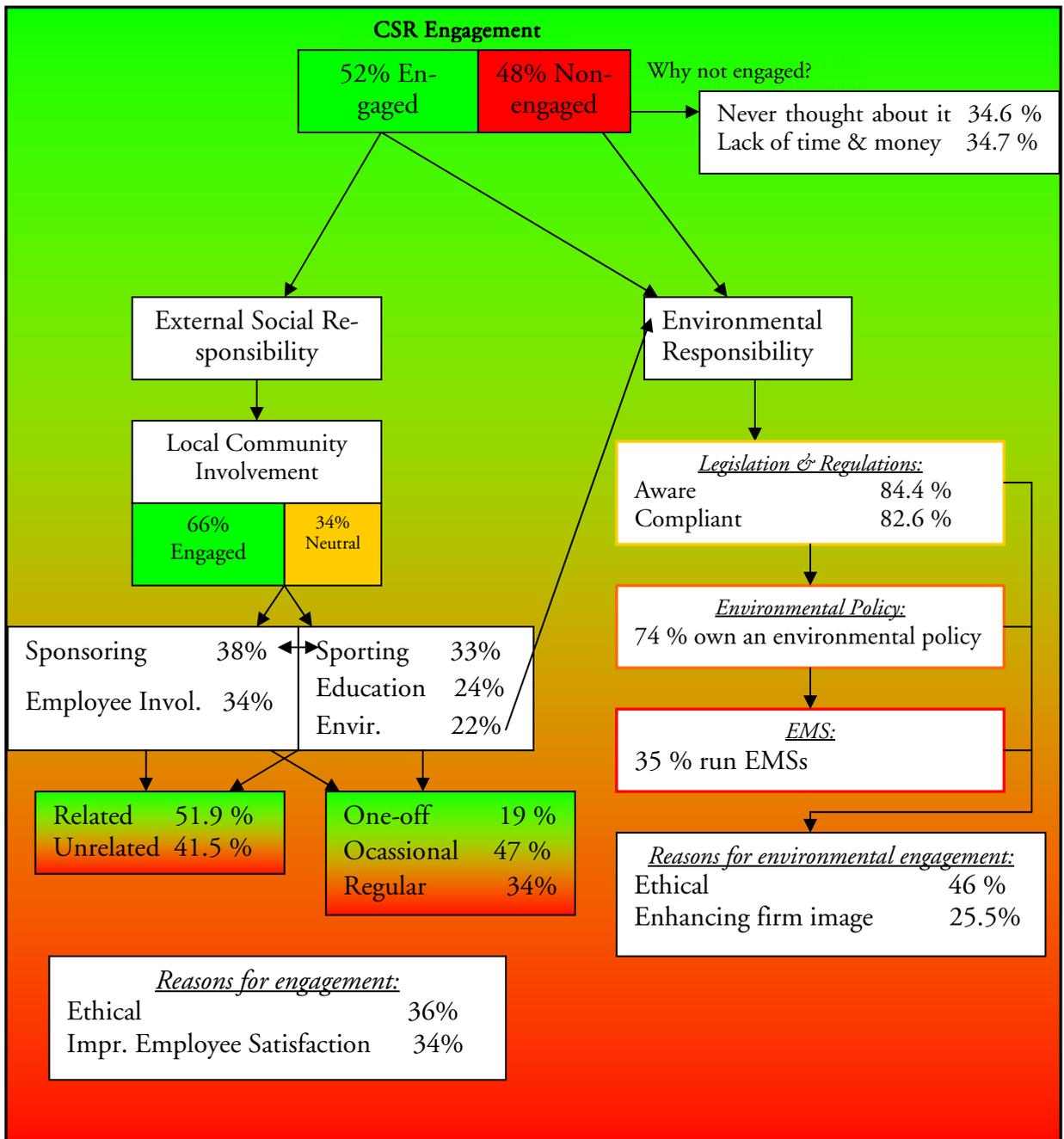


Figure 4-8 Summarizing the Results

Here we document the most significant results carried out from this study. The model is designed to assist the reader in following through the analysis and getting an overall picture of our main findings.

5 Analysis

Our research method, being of descriptive and exploratory nature paves way for an accordingly analysis based on the results and supported by theory (concepts, models and previous research). This section provides reasons as to why the results are the way they are, and culminates by integrating the results to draw a general conclusion that seeks to answer the main research questions. Recommendations for further engagement are briefly mentioned.

5.1 Social Responsibility and Community Involvement

From the research that we conducted in the Småland region of Sweden, 52 % of 102 participated SMEs were recalled as engaged in CSR activities. The external social responsibility is important for the companies that are involved, the degree of involvement across the SMEs in Småland ended at 66%. Our findings coincide with previous research for the whole country, where the result was 63 %. As mentioned before this level of involvement is still lower than for other Nordic countries and might be explained by the effect of strong public welfare traditions and intense SME business environment in Sweden (ESSER, 2002).

There are different ways for companies to be involved in external social responsibilities. In the previous research we witnessed that cultural activities have a significant impact on the way SMEs engage in their communities. However, only 5.6 % of companies that participated in our study stated that the way of involvement in local communities was made precisely through these activities. The results are surprising not only comparing to previous research but also to the way Jönköpings, Kronobergs and Kalmar counties provide a presence of a vast number of cultural projects and schemes. We can only assume that the engagement in this matter is important for the people in general but is not a part of companies' traditions. Companies included in our research are far more involved in sporting activities and education and training programs. Also, environmental concern, and health and welfare, are important factors for SMEs. These results are supported by previous research (ESSER, 2002). According to Kramer and Porter (2006) to support a vigorous society and community by maintaining employee productiveness, investments in 'health and welfare activities' and 'education and training activities' are required.

SMEs are mostly involved in sponsoring, employee involvement in communities, and donations. These results correspond to previous research, with only the difference in donations. Our research showed that donations were of less importance in comparison to the whole country in the research of ESSER (2002). There might be different explanations for the differences in results, however, limited number of respondents in the case of our study might be the main reason for donations seeming of less relevance. Sponsoring is, however, highly connected to the way SMEs in our research usually participate in the external social activities, where sporting activities was the main way of involvement. That might indicate that companies mostly are involved in sponsoring sporting activities. This conclusion would not be surprising, since it is a part of Swedish tradition to support local sport teams, as well as adult teams as youth ones.

The involvement level differs among the SMEs in our research, many companies are involved on a regular basis and some do it as a one-off thing. The frequency of companies' engagement is closely related to the size of these, the larger are the companies the more frequently these engage in external social activities. However, most of the companies in total, find the involvement to be occasional; the results are similar to the previous research con-

ducted in Sweden. We assume that the occasional involvement is related to the economical reasons, where companies are mainly focused on survival and are apprehensive about the long-term investments (Deetz, 1995). That leads to short-term thinking, especially amongst the smallest companies.

5.2 Environmental Responsibility

Pollution is latent in insignificant amount. One car does not pollute that much. But when you put many cars the pollution becomes significant and consequently latent. In a similar way, individual SMEs do not affect our environment, social and environmental, but many of them make a significant impact as one.

Environmental responsibility amongst SMEs in Sweden seems to share some interesting and conclusive results (as well as a high degree of Chi square significance). Overall, Smålands SMEs seem exceedingly aware and compliant to existing legislation and regulations ruling the environment (in all size classes) making them at least arrive at the receptive firm title, if not to those more progressive. This is a very positive result, to some extent contradicting other studies (e.g. ESSER, 2002) which claim that British SMEs are far from being fully aware of existing environmental regulation and legislation. Spanish research claiming that SMEs main reason for this engagement is the adaptation of existing legislation, and reputation improvements – these result are similar to our results based on the region of Småland.

Nutek, however, gives a different view on this, from a Swedish perspective. It points out to that legal requirements were a trigger for environmental activities in earlier cases, whereas today the main incitement for environmental engagement has shifted to market demand/customer pressure reasoning. The regulatory requirements ruling the environment are seen nowadays as the threshold for being labeled a sustainable enterprise; they no longer dictate environmental engagement but are seen as a taken-for-granted integrative part of SMEs environmental work. Our results do not indicate this finding, since only less than 10% of SMEs denote ‘market demands (customer pressure)’ as the most important reason for environmental engagement. More precisely, only less than a third of small firms argue for this reason while the other two classes do not mention it at all. This goes counter Nutek’s results, and our findings are worrying for Smålands SMEs since low ‘market demand and customer pressure’ could be a suggestion of low collaboration between its customers, namely larger firms (and less so municipalities) which usually put positive pressure on them to improve their environmental work. Consequently this result indicates that Smålands SMEs cannot be highly engaged in environmental work.

They also have environmental policies in place (a great majority of medium-sized firms) while the other two size classes also have significant numbers above 50% in environmental policy. This puts a good number of SMEs in the driving seat to becoming constructive and possibly even proactive firms. This result is encouraging since ESSER research study indicated that only 41% of SMEs own an environmental policy. However, having the EMS system separates the smaller SMEs from the bigger ones. Cost and ease of implementing these systems seems to be the main hindrance to the resourcefully disfavored micro and small firms (ESSER, 2002; Nutek, 2003).

A positive factor, however, that supports optimistic findings on environmental responsibility is the results for the external community activity which indicates that 22% do engage in environmental activities in their local communities. This link of environmental activities in

local community provides for a more comprehensive and strategic agenda of CSR, relating different elements of CSR to each other, environmental, social, and economical.

Contemporary and comparative research from Nutek (2003) claiming that a third of SMEs are 'actively engaged' in environmental responsibility can be seen as a rather subjective result. Nutek simply asked the firms if they were 'actively' engaged in setting and achieving environmental goals. The problem here is: what does 'active' mean and what goals and actions must a firm take to be 'active'? Firms may perceive the 'active' sense in different ways that are inconsistent in-between them. Our questionnaire was designed for its respondents to specifically answer about their attitudes to the different factors that eventually shape the way an 'active' (in our case constructive or proactive) firm is (e.g. by being aware and compliant to regulation, investing in standards etc.). In some sense our results of how many SMEs are actively engaged in environmental responsibility may give a more objective and precise picture than previous research. The results reached, however, are reasonably optimistic.

5.3 Rationale behind Social and Environmental Engagement

Ethics as the Compelling Force behind Engagement

Two significant reasons are found for rationalizing external social responsible engagement: 'ethics' and 'improve employee satisfaction'. The former being the dominant reason is no surprise (previous research confirms this). Why do Småland's SMEs choose this option over other more constructive types (i.e. benefits to business)? Owner-managers, especially in smaller firms, shape the way CSR is run in the firm and their lack of knowledge of benefits of CSR is one explanation. Furthermore, firms might choose 'ethics' to simply explain that 'it is good to do the right things' (recall Craven's (2003) explanation of the SRM model emphasizing solely doing good and right based on moral reasons) and application of this moral imperative can be closely associated to keeping the books in order and being in line with legislation (Kramer & Porter, 2006). Honesty and trust are terms directly associated with the ethical importance for SMEs (Kramer & Porter, 2006). Ethics as a reason, however, does not provide for a firm to go beyond a merely compliant firm. It is a quite bland reason for further engagement. Since ethical reasons do not indicate business benefits, competitive advantage, improved profitability, or any other firm benefit for that fact, they are non-strategic and probably a sign of a fragmented SME CSR agenda.

Employee Satisfaction: Unprecedented Result

The latter, 'improve employee satisfaction' is unprecedented as being a significant variable in previous research. The spread of responses between size classes is irrelevant here. Maybe the answer to such a high level response rate, only 2 % behind the ethical reason is probably due to Sweden's strong labor union and their overall power they have on Swedish firms. This may prompt firms to seek to improve their employees conditions and hence satisfaction. If this is the case, in some way or the other this also constitutes an indirect pressure from a stakeholder, namely the labor unions. Also, since SMEs have fewer employees than larger firms satisfying them maybe easier and more effective: big departmental divides, explicit hierarchy, might not be so apparent in these firms but rather their informal internal communication channels might facilitate employee-employer and employee interaction than otherwise. Additionally, another explanation could be, possibly in relation to 'improving relations with community', that SMEs being close to their prospective workforce (i.e. the local community) they might find it better to retain current employees rather than go outside the community boundaries to attract and bring new labor supply.

Consequently, the third highest percentage rate for choosing reasons for engagement was precisely to ‘improve relations with communities’. The low rate of confirmation with this reason went counter our intuitive expectations as well as counter earlier research. Our expectations were that this would at least be the second reason if not the first. However, only a mere 13% of SMEs opted for this option. Having in mind that, the region of Småland is composed of many smaller towns with rural surroundings joined with small town manufacturing industrial infrastructure, by way of thriving small businesses; not to mention Swedish as well as world renowned strong sense of the ‘entrepreneurial spirit’ presence in these towns (e.g. the town of Gnosjö). It was particularly expected to see a strong link between firm and its community here. Why was this the case and why did ‘employee satisfaction’ override this reason? We may not know for sure, but our lower sample size for this question (53 firm responses) could have skewed these results unreliably.

Furthermore, percentages of ‘benefits to business’ are low, and only a few medium-firms provide it as the main reason. This tells us that a handful of SMEs especially micro and smaller do not strategically see their external CSR engagement. Factors such as lack of knowledge about derived benefits of CSR, lack of time and money, non-relatedness and, no consideration can explain this.

Environmental Reasons

When looking at the environmental engagement reasons the ethical argument once again comes at the top with an even higher percentage than in social engagement. Average results of European SMEs shows that ethical reasons are becoming less important in the engagement of environmental work – once again counter our results. Enhancing firm image or reputation comes second. The latter is a sign that Smålands SMEs are building relationship with their community and creating some kind of dependency between them. Nutek confirms that image of firm is an important driving force. We know that firm activities can have negative impact on the local as well as overall environment and the community. Smålands SMEs seem to acknowledge this fact as well as the contact and collaboration between firm and community (e.g. labor supply by community). However, although, several positive outcomes between firm and community may surface, such as trust, more interaction and thus engagement by firm, Kramer and Porter (2006) deny reputation as the best and most beneficial explanation to both a high-degree of social and environmental responsibility. Enhancing firm image is thus more superficial, and produces uncoordinated CSR activities unrelated to core strategy making minimal improvements to the community and the environment, coupled with a lack of future vision in this field. It is an explanation that tries to mitigate the strain between community and firm rather than creating mutual bonds that require interdependence between them.

5.4 Grouping SMEs by the Level of Involvement

When ethics and reputation are accounted for together, they constitute almost three-fourths of SMEs explanation of engaging in environmental activities. At this point, we cannot place these SMEs to be firms that are more than compliant. We can at most say that these firms will be progressively moving to become more constructive firms, having in mind the positive results on the importance of environmental responsibility for the future (another three-fourths believe this to be the case). What is more, around 17% claimed benefits to business to be the main reason for performing environmental activities. This result is more significant for environmental activities than social ones. The reason why this might be the case is that environment work is more standardized thanks to tools such as the

Analysis

EMS and EMAS and so forth. These tools help to reduce costs, by saving resources and thus add to efficiency, allowing all this to be documented and detected. Accounting for economical and environmental results is a part of the TBL approach, however, accounting for the social impact is more ambiguous and more difficult to accord for. Cost savings (business benefit) from environmental work is identified as a basic driving force for Swedish SMEs (Nutek, 2003) and our results confirm that. These results help identify those constructive firms, especially the ones which are both very aware and compliant to regulation and legislations, own an environmental policy, and run EMS. However, since only a small number of them place market demands and business benefits behind ethical and firm reputation reasons most of them cannot be constructive or proactive. As we can intuitively extract from the results, these constructive or proactive firms constitute a small percentage of total SME firms in Småland. Applying the overall results of the study with the help of the adapted model in Figure 1-1 (Environmentally driven business development model - Different strategic approaches) can illustrate where SMEs are on the involvement scale. The model below shows a rough sketch of how many SMEs and where they are located on the environmental responsibility scale, deciding which level of involvement they possess.

	Reactive	Receptive/Compliant	Constructive	Proactive
Attitude	Aware of environmental regulation	Full compliance of regulation	Initiative	Environmental benefits leads to competitive benefits/advantages
Position	Defensive	Acceptance	Ambitious	Offensive
Influence	Threat	Competitive neutral	Opportunity	Competitive advantage
Solution	Filter	Process change	Product Development (LCA)	Product & Process Development/Integrative approach EMS
Focus	Minimize costs	Optimize investments	Making Benefits	Maximizing benefits

↓ ↓ ↓ ↓

10% 20 % 60% 10%

Benefits

By looking at the results concerning the main reasons for indulging in activities of CSR (both social and environmental) we can see that Smålands SMEs still have not fully embraced the benefits that can derive from their CSR activities (business benefits: external activity engagement, 7.5% and environmental responsibility 16,7 %). As we mentioned earlier their main reasons seem to be 'ethical', which is a sign of low-to-medium CSR concern. In addition to that, at most half of SMEs are not relating their activities to their business strategy, which as we mentioned earlier prohibits the firm from obtaining benefits and is a sign of fairly low-to-moderate engagement. Conversely, one can argue that precisely because their activities are not related to their core strategy, indication of involvement nonetheless can be high. For example, Nokia, the global telecommunications firm, is very involved in CSR on all levels, however, their activities and partnership with a organization such as the WWF, a global conservation organization with the aim of preserving the natural environment has not so much to do directly with the business of producing mobile telephones (N. Roome, personal communication, 2005-11). Why has Nokia decide to do their CSR with the WWF, when it is directly unrelated to their activities of producing mobiles. Maybe the CEO or owners and top executives, have made a personal decision to get in-

volved in the WWF because they might have a keen interest in preserving our natural habitat (environmentally conscious) (recall the personal preference of SME owner-managers shaping the way CSR is done). This is not so usual for larger firms. This actually might serve as a more honest, rather than superficial, decision to engage in CSR, than relating firms activities to the business, which might be undesired. Nokia, by having a cooperation with WWF is actually trying to educate its employees about environmental matters so they (who shape the company present and future) can think and act more environmentally as well contribute to ways to make the firm think in that way (N. Roome, personal communication, 2005-11). This long-term thinking is an indication of possible benefits that may build up, through innovative ways to solve problems related to, for example, controlling the manufacturing of mobiles' disposal, and replacing unsafe product parts with safer ones.

In general, we want to see firms moving away from disconnected, defensive and competitive neutral positions to holistic and proactive ones; shifting away from personal moral conviction, focus on firm image, and simple regulatory framework compliance to an emphasis on substance and innovative product/process development and networking.

Miscellaneous Results

Reporting on CSR engagement produced a clear division between the medium-enterprises high reporting rate and micro-and small-enterprises very low reporting rate. This can be explained by the informality and intuitive nature of micro and small interaction with external stakeholder, while the medium sized enterprises have formal systems and can measure their impact and thus report on it (CSR Europe, 2002). It does not however mean that micro and small firms do not contribute to society and to their local communities, but rather that this is not as evident as it is not usually accounted for anywhere on paper and made known to the public outside the community. It is difficult for standard quantitative research methods to display this.

Size: an important variable in engagement

Size has a significant impact on the level of social and environmental engagement. The results show that the chances for a medium enterprise to be more engaged, working actively towards being a constructive and proactive firm, are higher than for smaller especially micro enterprises. The gap differences between the three size groups are the greatest, especially between the micro and the medium enterprises, when it comes to relatedness (for medium firms its two times more common to have business related to activities than for micro). It is also four times more common for medium-sized firms to report on engagement in CSR over both small and micro firms. Medium-sized firms' strong agreement to compliance is twofold more than with micro. It is almost five times more common and two times more common for medium-sized firms to have EMS than micro and small enterprises, respectively. This concludes that larger companies as medium-sized firms have on average higher ambitious in engagement.

5.5 Recommendations

Our findings give a glimpse at the CSR issues of SMEs in Småland. It is recommended that public authorities and interested parties willing to improve the business activities of SMEs and their CSR involvement can develop policies and initiate projects to further stimulate CSR involvement. Some concrete recommendations such as lowering costs for obtaining environmental standards, to having community information meetings as to best practices of the CSR agenda for SMEs in the firms strategy. The key lies in encouraging those inactive

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firms by raising awareness. The municipalities, by providing lectures on CSR for SMEs and enlightening them on the advantages on SMEs' collaboration with other firms, will eventually bring new knowledge to the firms and improve the degree of involvement substantially (Nutek, 2003). Bringing a healthy discourse at these lectures and forums, about stories of successful SMEs' CSR engagement that have managed to apply a more strategic approach and promoted profitability at the heart of their CSR activities; will show that their work is not disconnected, and that it forms a part of firm core strategy. By identifying successful CSR practices that affect the business profitability positively, these in-active SMEs will soon follow after. Checking for effectiveness of public initiatives on the regional level a few years after their implementation and then replicating the study can provide for assessing initiatives' effectiveness.

6 Conclusions

More than half of the companies that participated in the research stated that they were engaged in CSR. Almost all companies found that their CSR involvement mainly consisted of, either, supporting 'sporting activities', 'education and training', or 'environmental work'. 'Sponsoring' and 'employee involvement in the communities' would prove to be the main way they would go about. The main reason for not engaging for micro and small companies is the lack of money and time, and for all SMEs it was the lack of knowledge about CSR. Reasons for engagement were evidently 'ethical', companies still do not recognize the benefits these activities can provide for their business.

Environmental issues are, however, important for all the companies, which in our opinion are explained by the strict government regulations and formal use of common standards. Companies are aware and compliant to the legislations and many companies do have an environmental policy. Yet, companies do not feel pressure from customers to be environmentally responsible, and that makes us concerned about the future involvement of firms.

Ethical reasons were also the main reason for being environmentally responsible, even though there is some evidence seen from previous research that this is becoming of less importance for firms. Enhancement of companies' image was also an evident reason for companies to be environmentally responsible. More companies are seeing economical benefits from environmental involvement relative to the benefits from social involvement. This also makes firms more positive about the future and induces them to continue being environmentally responsible.

Although the social activities of SMEs are very evident and involvement in this is apparent, the degree of SMEs involvement is, nonetheless, still unsatisfactory. SMEs are not tapping into the strategic significance of CSR as they should be. The reasons for engagement Smålands SMEs argue for, theory and earlier research consider it to be low-to-moderate involvement. Unfortunately, a positive correlation between environmental engagement and business benefits and profitability, is low and only a tiny portion can be identified as sustainable enterprises. Also, results on environmental responsibility actions are more evident and impressive than social engagement, and this can be partly explained by the standardized process related to environmental work (i.e. tools such as EMS, EMAS and standards as ISO 14001 can acknowledge direct involvement).

However, a large share of SMEs CSR activities is occasional and unrelated to firms' core strategy reinforcing the low-to-moderate level of engagement. Overall, through out the study there was overwhelmingly evidence of a positive correlation between firm size and degree of engagement. We can conclude that a majority of SMEs do not show a high degree of CSR involvement – especially in the external social responsible activities – that is to say, the majority do not follow by the notion of 'Do well by doing good'.

Policy makers, municipalities and larger firms need to support the SMEs in their further engagement – making them more aware of business benefits, and pressuring them to upgrade their environmental standards.

7 Discussion

7.1 Criticism of the Study

This research gives a glance into the two agendas of Swedish CSR in the eye of SMEs. However, all engagement, both external and internal, would give a more comprehensive image of the facts facing the business sector which we did not account for. Yet, what our research managed to do is to focus on these two agendas with thoroughness on the theory used. In CSR many different conceptions and contexts of responsibility exist creating an array of confusion amongst researchers. Nevertheless, by designing a comprehensive frame of references to cover all issues in our context. Applying such rigor on theory, making it profound coupled with a modest empirical method applied can produce fairly dynamic and practical insights. In previous CSR research theory development is lacking and we believe we have provided some structure and added value to it. Our empirical findings not being large scale render the results modest. Large scale results can provide for comparative analysis. The problem still persists when trying to do comparative research, since many different studies have different parameters for conducting research, including ours.

Our research study cannot account for precise results related to authentic proactive firms due to limits on time and extensiveness of the quantitative questionnaire. It would be a rather complex quantitative analysis unduly for this thesis, whereby a case study would have been more appropriate. Case studies to complement the research from Småland, an in-depth analysis that identifies the components that make-up true proactive SMEs (one that illustrates the benefits to both the business and society) could have been provided. This is one of our deficiencies, in that we did not complement our quantitative survey research with a qualitative case study.

7.2 Recommendations for Researchers and Policy Makers

We would recommend that students and researchers that would like to do a similar research study, to narrow down the European definition of SME size. This recommendation is founded on the basis of our results. In other words, it would be more useful to only account for small and micro firms, below 50 employees (like the Nutek, 2003 research did). This is due to the fact that medium-firms (50-249 employees) CSR behavior is more closely related to their larger counterparts. An example of this is the standardized CSR tools that medium-firms account for more than the other two size groups, and their relatively more favorable resource pool, as well as standardized reporting initiative that is higher amongst them than the two other size classes. They deviate significantly more from the lower level of ambitious of micro and small firms in terms of CSR activities, thus rendering our average results more skewed to higher-degree of CSR involvement. Further research can focus on policy recommendation and implications that can help policy makers and interested parties in advancing CSR amongst SMEs beyond mere regulatory coerciveness.

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Appendices

Appendix 1: Questionnaire in English

Questionnaire Concerning Social And Environmental Responsibility

1. Does your firm engage in questions concerning 'Corporate Social Responsibility' (social responsibility and engagement) e.g. donating money to communities, sponsoring communities, show concern and take initiative for its internal and external stakeholders?

YES. NO

If NO, go to question 11.

For each of the statements below, please indicate the extent of your agreement or disagreement by marking the appropriate box (*choose only **one** alternative*).

2. Engagement in CSR is apparent in my firm.

Strongly Agree. Agree. Neither Agree nor Disagree. Disagree. Strongly Disagree.

External Social Responsible Activities

3. Local community activities are important for my firm.

Strongly Agree. Agree. Neither Agree nor Disagree. Disagree. Strongly Disagree.

4. Which external social activities is your firm most engaged in? (Mark one choice only!)

- Sporting activities (not with own employees)
- Cultural Activities (not with own employees)
- Health and Welfare activities
- Education and training activities
- Environmental activities
- Other activities? Which ones?

5. In which way is your firm involved in external social activities? (Mark one choice only!)

- Sponsorship
- Donations
- Marketing/Campaigning
- Employee involvement in community activities
- Employer involvement in community activities
- Other relevant activities? Which ones?

6. Our firm plans to increase its external (e.g. community involvement) CSR activities over the next 5 years?

- Strongly Agree. Agree. Neither Agree nor Disagree. Disagree. Strongly Disagree.

7. Strategically, my firm's social responsibility and engagement can best be described as? (Mark one choice only!)

- Related to business strategy. Unrelated to business strategy. Do not know.

8. How best would you describe the level of activity of CSR by your firm? (Mark one choice only!)

- One-off thing. Occasional. Regular.

9. It is important for my enterprise to report on its social and environmental activities.

- Strongly Agree. Agree. Neither Agree nor Disagree. Disagree. Strongly Disagree.

10. What is the single most important reason for performing any of these activities in your external community? (Mark one choice only!)

- Ethical reasons
- Improve relations with the community/public authorities
- Improve customer loyalty
- Improve relations with business partners and investors
- Improve employees' satisfaction
- Improve economic performance
- Apply code of conduct
- Pressure from third parties
- Other reasons

If you have answered questions 2-9 go directly to question 12.

11. What is the single most important reason for NOT performing any of these activities? (Mark one choice only!)

Discussion

- Never thought about it
- Not related to the activities of my enterprise
- No business benefits expected
- Lack of time
- Lack of money
- Lack of public support
- Do not know/No answer
- Other reasons

Environmental Responsibility and Sustainable Enterprise

12. Our firm is aware of existing legislation and regulations related to the environment.

- Strongly Agree. Agree. Neither Agree nor Disagree. Disagree. Strongly Disagree.

13. My firm complies with existing legislation and regulations related to the environment.

- Strongly Agree. Agree. Neither Agree nor Disagree. Disagree. Strongly Disagree.

14. My firm has an environmental policy (either a formal policy and/or part of the business plan)

- YES. NO.

15. My enterprise uses formal Environmental Management Systems (EMS) (e.g. EMAS and/or ISO 14001)

- YES. NO.

16. Environmental responsibility will become more important for my enterprise over the next 5 years.

- Strongly Agree. Agree. Neither Agree nor Disagree. Disagree. Strongly Disagree.

Discussion

**17. What is the single most important reason for engaging in environmental responsibility?
(Mark one choice only!)**

- Ethical reasons
 - Financial support from the public sector
 - Financial support from another source
 - Benefits to business (improved profitability, competitive advantage)
 - Enhancing the image of the firm
 - Pressure from stakeholders
 - Do not know/No answer
 - Other reasons
-

Please save the document and send it to any of the following email addresses:

Bbam03peda@ihh.hj.se

Bbac03alel@ihh.hj.se

We are very thankful for your participation.

/ Elena and Darko

Appendix 2: Questionnaire in Swedish

Enkät angående samhällsansvar och miljöansvar

1. Är ditt företag engagerat i frågor rörande 'Corporate Social Responsibility' (samhällsansvar och samhällsengagemang), dvs. doneringar till samhället, sponsring i samhället, visande av intresse för företagets interna och externa intressegrupper (stakeholders)?

JA. NEJ.

Om Svaret är NEJ, gå till fråga 11.

*Var vänlig och markera till vilken nivå överensstämmer påståenden med ditt företag i följande frågor (kryssa in **ett** alternativ).*

2. Engagemang i CSR frågor (Samhällsansvar och samhällsengagemang) är tydligt i mitt företag

Stämmer mycket. Stämmer väl. Stämmer varken eller. Stämmer inte. Stämmer inte alls.

Externt samhällsansvar och samhällsengagemang

3. Aktiviteter som berör närsamhället är mycket viktiga för mitt företag

Stämmer mycket. Stämmer väl. Stämmer varken eller. Stämmer inte. Stämmer inte alls.

4. Vilken externt aktivitet är ditt företag mest engagerad i? (Markera endast ett svar!)

- Idrottsaktiviteter (ej involverande egen personal)
- Kultur Aktiviteter (språk, traditioner, religion. mm(ej involverande egen personal)
- Hälsa och livsstil
- Utbildning och undervisning av personal
- Miljöfrågor och ansvar
- Andra relevanta aktiviteter? Vilka?

Discussion

5. På vilket sätt deltar ditt företag i aktiviteter som berör närsamhället? (Markera endast ett svar!)

- Sponsring
- Donationer
- Markandsföring/ Kampanjer
- Anställdas involvering i samhällets aktiviteter
- Arbetsgivares involvering i samhällets aktiviteter
- Andra relevanta aktiviteter? Vilka?

6. Mitt företag har planer att utöka satsningen i det externa samhällsansvaret (närsamhället) och engagemang et under de närmaste 5 åren.

- Stämmer mycket. Stämmer väl. Stämmer varken eller. Stämmer inte. Stämmer inte alls.

7. Strategisk sett kan mitt företags samhällsansvar och samhällsengagemang bäst förklaras som? (Markera endast ett svar)

- Relaterad till företags strategi. Orelaterad till företags strategi. Vet ej.

8. Hur bra stämmer ditt företags engagemang i samhällsansvar och samhällsengagemang? (Markera endast ett svar)

- Enstaka tillfälle. Tillfällig. Ordinarie.

9. Det är viktigt för mitt företag att uppvisa en rapport (miljörapport, hållbarhetsanalys osv.) på samhälles och miljömässiga aktiviteter?

- Stämmer mycket. Stämmer väl. Stämmer varken eller. Stämmer inte. Stämmer inte alls.

10. Vilket är den enda och mest viktiga motivationen att engagera sig i några av dessa områden (externt näringsansvar)? (Markera endast ett svar!)

- Etiska skäl
- Förbättra relationer med samhället/offentliga myndigheter.
- Förbättra kundlojalitet
- Förbättra relationer med företagspartners och investerare
- Förbättra anställdas tillfredsställelse
- Förbättra ekonomisk effektivitet
- Tillämpa uppförandekod
- Påtryckning från tredje man
- Andra skäl

Om du har svarat på frågor 2-9 gå direkt till fråga 12.

11. Vilket är det enda och mest viktiga skälet att INTE engagera i några av dessa områden? (Markera endast ett svar!)

- Har aldrig övervägt det alternativet
- Har inget direkt samband med mitt företag
- Har inga förväntningar på att detta skulle medföra nytta/fördelar
- Tidsbegränsning
- Resursbegränsningar
- Inte tillräckligt med stöd från allmänheten
- Vet ej/ Kan inte svara på det
- Andra skäl

.....

Miljö ansvarig och hållbart företag

12. Mitt företag är medvetet om existerande lagar och rekommendationer gällande miljö frågor

- Stämmer mycket. Stämmer väl. Stämmer varken eller. Stämmer inte. Stämmer inte alls.

13. Mitt företag följer existerande lagar och rekommendationer gällande miljö frågor

- Stämmer mycket. Stämmer väl. Stämmer varken eller. Stämmer inte. Stämmer inte alls.

14. Mitt företag har en miljöpolicy (antingen en formell eller som ingår i företagets strategi)

- JA. NEJ.

15. Mitt företag använder formella Miljöledningssystem (Environmental Management Systems, EMS) (t.ex. EMAS och/eller ISO 14001)

- JA. NEJ.

16. Miljömässigt ansvar blir en mer viktigare faktor för mitt företag under de närmaste 5 åren.

- Stämmer mycket. Stämmer väl. Stämmer varken eller. Stämmer inte. Stämmer inte alls.

17. Vilket är det enda och mest viktiga skälet att engagera sig i några av dessa områden (angående miljö ansvar)? (Markera endast ett svar!).

- Etiska skäl
 - Ekonomiskt stöd från den offentliga sektorn
 - Ekonomiskt stöd från annan källa
 - Förmåner till verksamheten (förbättrad lönsamhet, konkurrenskraft)
 - Förbättra företagets image
 - Påtryck från intressegrupper (stakeholders)
 - Vet ej/ Kan inte svara på det
 - Andra skäl
-

Var vänlig och spara dokumentet och skicka till en av följande adress:

Bbam03peda@ihh.hj.se

Bbac03alel@ihh.hj.se

Ett stort tack för er medverkan!

/ Elena och Darko

Appendix 3: Miscellaneous Data

1. The ways SMEs support communities' external activities

Crosstabulation			In which way is your firm involved in external social activities?				
			Sponsoring	Donation	Employee Involvement	Employer Involvement	Total
number of micro employees	Count		7	2	4	2	15
	% within number of employees		46,7%	13,3%	26,7%	13,3%	100,0%
small	Count		5	5	6	1	17
	% within number of employees		29,4%	29,4%	35,3%	5,9%	100,0%
medium	Count		8	3	8	2	21
	% within number of employees		38,1%	14,3%	38,1%	9,5%	100,0%
Total	Count		20	10	18	5	53
	% within number of employees		37,7%	18,9%	34,0%	9,4%	100,0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2,928(a)	6	,818
Likelihood Ratio	2,856	6	,827
Linear-by-Linear Association	,151	1	,698
N of Valid Cases	53		

a. 6 cells (50,0%) have expected count less than 5. The minimum expected count is 1,42.

Discussion

2. Future plans to increase CSR involvement

Crosstabulation		Our firm plans to increase its external CSR activities over the next 5 years				Total
		Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
number of micro employees	Count	4	7	4	0	15
	% within number of employees	26,7%	46,7%	26,7%	,0%	100,0%
small	Count	10	6	1	0	17
	% within number of employees	58,8%	35,3%	5,9%	,0%	100,0%
medium	Count	5	10	4	2	21
	% within number of employees	23,8%	47,6%	19,0%	9,5%	100,0%
Total	Count	19	23	9	2	53
	% within number of employees	35,8%	43,4%	17,0%	3,8%	100,0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9,248(a)	6	,160
Likelihood Ratio	9,951	6	,127
Linear-by-Linear Association	,564	1	,453
N of Valid Cases	53		

a 6 cells (50,0%) have expected count less than 5. The minimum expected count is ,57.

3. Future engagement in the environment and reasons

Crosstabulation			Environmental responsibility will be a more important factor for our firm in the future				Total
			Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	
number of micro employees	Count	8	19	10	0	37	
	% within number of employees	21,6%	51,4%	27,0%	,0%	100,0%	
small	Count	4	22	4	4	34	
	% within number of employees	11,8%	64,7%	11,8%	11,8%	100,0%	
medium	Count	7	16	6	2	31	
	% within number of employees	22,6%	51,6%	19,4%	6,5%	100,0%	
Total	Count	19	57	20	6	102	
	% within number of employees	18,6%	55,9%	19,6%	5,9%	100,0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8,308(a)	6	,216
Likelihood Ratio	10,188	6	,117
Linear-by-Linear Association	,076	1	,783
N of Valid Cases	102		

a 3 cells (25,0%) have expected count less than 5. The minimum expected count is 1,82.
