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Corporate social responsibility and SMEs - Barriers and opportunities in a Swedish perspective

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ABSTRACT

Corporate Social Responsibility (CSR) is a global concern and has been adopted by many large multinational corporations. Although small and medium-sized enterprises (SMEs) are the most common type of business in the EU including Sweden, yet most research on CSR has been focused on large corporations. As SMEs run in various settings and there have been little empirical studies on CSR in SMEs, the purpose of this study is to fill a part of the research gap and provide an in-depth look at CSR in SME to investigate specific barriers and/or opportunities to addressing CSR. This study reviews the relevant literature of CSR in SMEs. Through semi-constructed interviews with two small-sized organic product companies in Sweden, this study analyzed CSR from an SME perspective in a Swedish context by CSR theory and Resource-Based View (RBV). According to the findings, the main barrier for CSR for the case companies is financial recourse constraints, while the main opportunity is their capability for communication. This study contributes and motivates CSR in SMEs by demonstrating how they understand CSR, how they communicate with both internal and external stakeholders of their best practices, and providing examples to share the experiences for SMEs.

KEY WORDS: Corporate social responsibility, Small and medium-sized enterprises, Case studies, Resource-based view, Sweden

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1. Introduction

1.1 Background

Business has been pressured to engage in activities of Corporate Social Responsibility (CSR) (Jenkins, 2006) and has accepted the argument that a company has “responsibilities to society that go beyond the production of goods and services at a profit” (Buchholz & Rosenthal 2002, p.303).

CSR as a business ethic has intersectional influences in the social, the political and the economical world of business (Spence & Rutherford, 2000). Motivations for firms to involve in CSR are largely placed in economic motives and moral ones (Udayasankar, 2008). Practically, consumer’s positive reaction and benefits from CSR (e.g. reduction of business risk and enhancement of stakeholder relations) have increased attractions of firms in CSR (ibid.). CSR has been proven to be able to enhance a corporate reputation which has become one of the valuable assets of a company in the new business environment (Singapore Compact, 2005). Investing in CSR through the marketing of corporate sustainability can create value for companies and their stakeholders (Van de Ven, 2008). ISO 26000 (Guidance on Social Responsibility) will be published in 2010 (ISO SR, 2008), and it would have a role as a voluntary regulation on CSR. These are some of the main reasons why many CSR cases have developed and grown in importance. However, traditionally CSR has been associated with large enterprises not small and medium-sized enterprises (SMEs) (Jenkins, 2006).

Consequently, literature and research on CSR have been focused on large enterprises (Sweeney, 2007), and research on SMEs and CSR has been quite scant (Jenkins, 2004; Sweeney, 2007). However, CSR is important for both large and small firms (Williams, 2005; Roche 2002). The research on CSR has been moving toward SMEs in recent years because they account for 99% of all businesses and make up a large part of the economy and industry in the EU (EC, 2009). SMEs are the most frequent business type (99.8%) in EU as well as in Sweden (EC, 2008). In Sweden, SMEs have a significant contribution to economical terms as 55.5% of value-added came from SMEs (Eurostat SBS data base, 2004 and 2005 data cited in EC, 2008).

1.1.1 CSR in Sweden

Sweden is a leading country in CSR and reflects CSR in its policy (Wiles, 2008). The Swedish economic framework set effectively the social responsibilities of the corporation (e.g. worker protection) (Morsing, 2007). Since 2000, the state-owned National Pension Funds have had to consider ethical points when making investments (CSR magazine, 2003). In March 2002, Swedish government sent an open letter with an invitation to Swedish businesses to join a *Swedish Partnership for Global Responsibility*, which expects participants to recognize international human rights, labor rights and environment norms, wherever they operate (Højensgård, 2003). Public companies have to address CSR and publish a sustainability report.

It is not surprising to find several Swedish company names such as Volvo, Nordea and ABB among companies which have solid reputations for responsible global corporate activities (CSR magazine, 2003). Recently, many largest and well-known companies, such as Electrolux, H&M and Husqvarna, were reputed for their efforts into balancing commerce with conscience in their respective industries (Wiles, 2008). Therefore, Swedish companies are in the consensus process of CSR more than ones in other countries.

Scandinavian approach to CSR

The strength of Swedish companies in CSR has some of its origination in the Scandinavian culture and history of CSR. Scandinavian companies have integrated ethics and social responsibility into corporate strategies for a long time before (Morsing et al., 2007). Sweden shares a political ideology with other Scandinavian countries, which is known as Scandinavian model suggested by Greenness (2003 cited in Morsing et al, 2007). He describes Scandinavian model as stable labor relations, reforms in working conditions with a trade union through bargain system and strong governments in support of extensive welfare and social security.

Swedish corporations' high commitment to CSR is somewhat surprising in the light of the fact that Sweden like other Scandinavian small welfare states seems to have low incentives to engage in CSR initiatives, as pointed by Morsing (2007). First, the role of the state is strong and companies are already exposed to high expenditure in welfare by

paying the world's highest taxes. Second, quite a few the managers' perceive that their companies are already rather socially responsible and this perception does not provide immediate incentives for further engagement in CSR. Third, the general public believes their society is trustable. For these reasons, Scandinavian companies are not urgent to engage in further CSR initiatives. Contradictory to the fact, Swedish companies do, in fact, engage in CSR more than some in other countries. Morsing (2007) also argues that engagements of Scandinavian companies are identified in expanding and integrating their CSR initiatives into their core value despite this fact.

Swedish CSR status

According to Højensgård (2003), Swedish companies generally live up to a great number of environmental, human rights, and labor responsibilities. The business partners with Swedish companies are expected to build a Swedish CSR model (e.g. Swedish Partnership for Global Responsibility) wherever they operate and throughout their production processes.

Young people as potential employees have an increasing preference for the companies that give priority to CSR (Højensgård, 2003). Demands from consumers for *Fair Trade* labels or "Rättvisemärkt" are also increasing, which guarantee buyers that producers have been paid a fair price (ibid.).

For a long time Swedish companies have embedded many CSR basics such as cooperation with trade union and stakeholder dialogues (CSR magazine, 2003). They are identified to do already CSR activities. However, these are not known well in comparison to their wider awareness of CSR (ibid.).

1.2 Problem Statement

CSR practices in SMEs are different from the ones in large companies due to SME peculiarities such as owner management, strong connection with business partners and the local community, and lack of resources and support to implement CSR (Ciliberti et al., 2008).

Many studies have CSR as a topic and CSR has been mostly adopted in larger companies rather than SMEs. CSR in SMEs has been received little attention despite its

significant impacts on society, environment and economy. Large companies are camel's nose (only a small portion) in both Sweden and EU. Therefore, it is important to enroll SMEs in CSR. To find solutions for engagement of SMEs in CSR, knowledge about SME-specific barriers and/or opportunities to CSR is required. The empirical study on CSR in large companies has been reported in many articles and books, but little empirical research on SMEs is found (Perrini et al., 2006). As results from the empirical studies are varying but meaningful to contribute to a general understanding of CSR in SMEs (ibid.), additional case studies could enrich academic soil for engagement of SMEs in CSR.

In order to increase our knowledge about SME-specific barriers and/or opportunities to CSR, which is required to find the solution for engagement of SMEs in CSR, this study tries to investigate CSR among Swedish SMEs, and compare the results with previous studies.

1.3 Aim of the thesis

This study analyses barriers and/or opportunities for SMEs in CSR in Sweden by looking around CSR perception, CSR communication and CSR activities.

The three perspectives above are chosen to progress the understanding of CSR in SMEs that will form a base knowledge for gaining insight into the barriers and/or opportunities. The three perspectives are considered being related with barriers and/or opportunities to CSR in this study as barriers and/or opportunities can differ according to the three perspectives (e.g. dividing of resources for CSR vary depending on the perception of CSR).

This study aims to have two strengths. First it contributes to fill a gap in the literature as few research and not in Sweden investigated opportunities and/or barriers when conducting CSR by SMEs, which is the focus of this study. Second it adopts a case study which is effective for understanding complex topic like CSR and valuable as few case studies on the topic of CSR and SMEs have been carried out (Castka et al 2004; Jenkins 2006; Murillo & Lozano, 2006).

1.4 Research Questions

The research questions for this thesis are:

(1) What are SME-specific barriers and/or opportunities to addressing CSR?

In order to answer this, this study will also explore SMEs' CSR perception, CSR communication and CSR activities.

(2) How are the results of this study different and/or similar with previous research findings?

By answering these questions, the study has two contributions;

A. The study contributes to provide examples of CSR in Swedish SMEs demonstrating how they understand CSR, how they carry out CSR activities, and how they communicate with both internal and external stakeholders of their best practices.

B. The study facilitates CSR in SMEs by sharing their experiences with other SMEs.

1.5 Definitions

This section addresses and elicits the main concepts and definitions of CSR and SMEs that are ambiguous or need to be thoroughly defined before moving on to the next chapter.

Small and Medium-sized Enterprises (SMEs)

This study adopts the EU's definition for SME. According to the definition, SME is an enterprise which has a headcount less than 250 people. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if either the turnover does not exceed 50 million euro, and/or the balance sheet does not exceed 43 million euro (EC, 2005).

Table 1 shows the three categories of SMEs divided by size: micro, small and medium.

Table 1. Definition of SMEs (source: EC, 2005, p.14)

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual Turnover	or	Annual Balance Sheet total
Medium-sized	<250	≤ € 50 million		≤ € 43 million
Small	<50	≤ € 10 million		≤ € 10 million
Micro	<10	≤ € 2 million		≤ € 2 million

Corporate Social Responsibility

Many CSR definitions have emerged and have been in controversy over time. There are also many synonymous terms with CSR in business ethics such as corporate sustainability (CS), corporate citizenship (CC), triple bottom line (TBL), socially responsible behavior (SRB) (Castka et al., 2004; Perrini, 2006).

The European Union (EU) defines CSR as “*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on voluntary basis*” (Commission of the European Communities, 2001, p.6). The present study follows this definition to apply as it has been in broad use through research within European countries.

Stakeholders

Within CSR, stakeholders are the prime consideration in engaging in CSR activities and communicating CSR practices. Freeman (1984, p.49) presents fulcrum of stakeholder theory defining stakeholder as “*those groups who can affect or are affected by the achievement of an organization’s purpose.*”

However, vitalities of stakeholders for the company are different according to classification of stakeholders by Clarkson (1995). He demonstrates a clear difference between a primary stakeholder group and a secondary stakeholder group according to the level of importance to the company.

- Primary stakeholders: owners (investors), employees, customers, suppliers and public stakeholder group like the communities.
- Secondary stakeholders: media, governments, public authorities, associations and environmental groups.

Another categorizing of stakeholder groups is separating them into internal and external

types and this was applied in the survey of the European Union (EC and Observatory of European SMEs, 2002). In this category, stakeholders are identified as follows;

- Internal stakeholders: employees, shareholders and owners
- External stakeholders: local communities, suppliers and other organizations.

This study identifies stakeholders of SMEs according to primary and secondary types since this classification is more practical to apply.

2. Theoretical framework

This chapter provides an overview of a selection of previous studies about CSR and SMEs. Later, in the Analysis section, I will compare these results with those of my own empirical study. Further, in this section, CSR theory and Resource-Based View (RBV) will be introduced in order to build a theoretical platform for the study.

2.1 Previous research

This section will present previous research within the field of CSR and SMEs to give the reader an overview of CSR in SMEs, and to form the basis for the analysis of how this study results are compared with previous research. The first section will present the main findings regarding CSR and SMEs. The second section will present some findings concerning opportunities and/or barriers when conducting CSR by SMEs.

2.1.1 CSR and SMEs

This section aims to present previous research in CSR and SMEs categorized into three categories of personal relations, stakeholder management and motivation to CSR in SMEs. They are emerged as being the most common focuses during the review of relevant literatures. However, a lot of previous research related CSR and SMEs made comparisons with large companies, thus this section contains some SME peculiarities, which are compared with a large firm involuntarily.

The term ‘corporate’ within the CSR agenda used to be implied that CSR is related to multinational companies according to Castka et al. (2004). He argues that CSR concept should incorporate all businesses through all industries regardless of type and size.

Focus on research in the field of CSR has moved from large companies to SMEs due to the great share of impacts from SMEs on environment, economy and society (EC, 2009). Scholars have found engagement of SMEs in CSR important (Jenkins, 2004; Jenkins, 2006; Spence, 1999; Spence & Rutherford, 2000; Spence et al., 2003; Tilley, 2000; Vyakarnam et al., 1997).

In addition, small firms are different with large corporations in nature (Spence &

Lozano, 2000; Preuss & Perschke, 2010). Various researches have revealed the peculiarities of SMEs related to CSR. For example, Jenkins (2006) points out that most SMEs believe their duty to concern social and environmental responsibilities but SMEs are unlikely to regard CSR in terms of risk to brand image or reputation.

Roberts et al. (2006, p.280) present that “SMEs are already managing a large number of social, economic and environmental impacts but do not generally use the language of CR¹ to define this. In particular, SMEs often have significant positive economic and social impacts in their local area, which are not often recognized in CR terms.”

On the other hand, Fuller and Tian (2006) present that SMEs do not have a high degree of explicit corporate social responsibility except charitable activities.

<Personal relations>

Several scholars have alluded personal style in CSR as one of the peculiarity in the context of SMEs. Jenkins (2006) argues that SMEs are likely to have a “personalized style” of management due to ownership management characterized by informal structure in units or staffs and high dependence on individual’s personalities and that in turn influences their approach to CSR.

Similarly, Fuller and Tian (2006) also present SMEs’ nature of doing business is personal often with contact between owner and customers, and suggest that reputation and their embedment of the business within stakeholder are important to shape socially responsible behavior. Sweeney (2007) refers that SMEs used to have a conglutination between ownership and management and the allocation of resources used to depend upon the owners’ personal choices. Thus, the personal attitudes of the owner or manager have an influence to CSR in SMEs when they decide to introduce CSR.

Jamali et al. (2009, p.371) note the difference in CSR approach of SMEs and multinational companies saying that “SMEs did not formulize CSR, nor integrate it into strategic processes, they have shown unwavering commitment to CSR in principle as well as practice.” SMEs have own genuine commitment to CSR which are customized and personalized to fit their belief and peculiar aspirations or orientations (ibid.).

¹ CR: Corporate Responsibility

Murillo and Lozano (2006) emphasize that interpersonal relationships in SMEs are important in CSR communication as SMEs have informal relations and persons are the units for communication.

<Stakeholder management>

According to Jamali et al. (2009), stakeholder management has increased its importance in CSR in the context of SMEs for differentiation as they have a personalized style of management, which gives SMEs specific nature such as informality, trusting base with personal intuition and engagement in stakeholder relationship (Jenkins, 2006). How they treat key stakeholders is to influence their CSR approach (ibid.) as well as to their business, thus can be a strategy for differentiation.

SMEs have a similar (Jenkins, 2006) and stronger (Perrini, 2006) stakeholder relationship in comparison to large companies. That means SMEs have stakeholders in the common range with large companies and the purpose of stakeholder management is similar, namely to reduce the risk by managing stakeholders (European Commission and Observatory of European SMEs, 2002 cited in Jenkins, 2006) and SMEs are used to be very close to their stakeholders like community and employees (Perrini, 2006). SMEs do play a significant role in the local community (ibid) with a high-degree of inter-reaction and acting as benefactors by support to the local economy by creating job opportunities (Murillo & Lozano, 2006).

SMEs have differentiated stakeholder management for primary stakeholder (e.g. employees) within the company including work-family issues, equity, health, well-being, and worker participation (Vive, 2006).

<Motivation>

Motivational base to participate in CSR is likely different according to firm size (Jenkins, 2006; Udayasnakar, 2008). Smaller firms are motivated to engage in CSR, mainly to differentiate themselves from others and seek visibility to facilitate access to resources (Udayasnakar, 2008). Very small firms are inclined to participate in CSR equally with very large firm, but middle-sized firms tend to have less motivation than small and large firms (ibid.). This is because middle-sized companies are faced with increasing pressure-resistance to resource-access due to still less visibility by becoming

bigger (ibid.).

Vyakarnam et al. (1997) argue that dilemmas for small firms in being involved in CSR can be solved by knowing the benefits of CSR such as enhanced reputation, a professional image, and an increase in confidence and loyalty. These are also motivation factors for the company's sustainability by guaranteeing a stable work force and an improved relationship with financial bodies (Murillo & Lozano, 2006).

Spence and Lozano (2000) present the concern for the employees' health and welfare as a key motivation for CSR practice in SMEs because the empirical study in UK shows that small firm owner-managers are influenced the most by their employees regarding the social and ethical issues. Vives (2006) also pointed out employees' satisfaction as the greatest motivation including ethics and religious reason when SMEs in Latin America conducting CSR.

With some of the mentioned motivations above, half of the SMEs in Europe are involved in external social activities (EC, 2002). To increase involvement of SMEs, CSR which as understood in a large company cannot be applied in the same way to SMEs (Jenkins, 2004) because CSR practices in SMEs are different from the ones of large firms (Ciliberti et al., 2008). This will be looked more closely at what is unique to SMEs in the next section.

2.1.2 SMEs-specific opportunities and/or barriers to CSR

In this section, the previous research concerning opportunities and/or barriers in CSR by SMEs will be presented.

The Opportunity to CSR in this study means that a particular factor or situation enable SMEs to do or facilitate to achieve CSR. The barrier to CSR is like a fence to CSR, which prevents SMEs to engage in CSR. As similar terms for opportunities and barriers, benefit and challenge are sometimes found in this section because the findings regarding benefits and challenges can promote to increase the knowledge about opportunities and barriers in CSR by SMEs. However, they are of different use for the benefit as a positive result from CSR and for the challenge as a hard task for improving or implementing CSR in which SMEs already are involved.

There are arguments that SMEs are likely to have barriers to CSR like SMEs' perception toward CSR that CSR is out of concern with SMEs, and resource constraints (e.g. financial, human and time limitation) (Carlisle & Faulkner, 2004).

Low perception of CSR in SMEs may due to the term 'corporate', which alienates smaller organization, thus SMEs tend to define CSR vaguely (Sweeney, 2007). Another reason can be that SMEs are not able to adopt similar CSR agendas as large firms due to suffering from survival and viability of their business (CSR Magazine, 2002).

Wide range of barriers of resource constraints in UK context is due to a short-term attitude toward CSR and environmental policy, and is shaped in lack of human and financial resources and time Constraints (Carlisle & Faulkner, 2004). Lack of knowledge and resources (e.g. time and financial resources constraint) is pointed as barriers in Latin American context (Vives, 2006). However, in Ireland, the only barrier noted by SMEs is the financial constraint (Sweeney, 2007).

On the other hand, there are arguments that SEMs may better have placed than large companies to take advantage from CSR. Being flatter and potentially quicker, SMEs can take advantage to manage reputation and risks as they have the extremely short decision process (Sarbutts, 2003).

Castka et al. (2004) investigated what benefits can be gained from implementation of CSR using ISO 9001:2000 in UK based SMEs. The study revealed that business system (e.g. ISO 9001:2000) could work as CSR integration tool. When SMEs implementing CSR, efforts to meet stakeholders' expectations were adapted in CSR agenda thus, SMEs could benefit from CSR such as stakeholder satisfaction as well as business improvement, and development of competitive advantage.

Similarly, Sweeney (2007) addresses the opportunities experienced by Irish SMEs in the context of CSR. SMEs have a close relationship with their stakeholders and this facilitates stakeholder management for SMEs. Another opportunity is flexibility. Being flexible, SMEs are quick to respond to stakeholder demands and implement stakeholder policy.

Jenkins (2006) presents benefits and challenges (barriers) for SMEs in CSR, which has drawn from excellent examples of SMEs in UK. He argues that SMEs perceive the benefits such as improved image and reputation; larger and more profit; better market position; increased employee motivation, etc. He argues that they conduct CSR due to more moral or ethical motives not only for the benefits. As most benefits are intangible, measuring and quantifying them became one of the challenges to engage SMEs in CSR. Key challenges were pointed as time, resource constraints, getting employees involved and embedding CSR culture in the company. He suggests that informing of the numerous business benefits from CSR is the key to engaging SMEs in CSR.

His challenges can be interpreted as barriers in this study for general context because SMEs that have good practices consider them as challenges for the further step of CSR but general SMEs might face the challenges as barriers toward CSR.

Preuss and Perschke (2010) suggest advantages and disadvantages of approach to CSR in SMEs with resource-based view by literature review of key authors' work. SMEs have advantages of concern for local basis and flexibility and SMEs can override profitability to undertake principle-based initiatives. Being in lines with other previous study, SMEs suffer from resource constraints and have difficulty to measure benefits of CSR. Overriding influence of owner-manager is also pointed out as a disadvantage.

Roberts et al (2006) unveil more specific barriers to CSR in SMEs with empirical study based on the local company. As several scholars pointed (Castka, 2004, Jenkins, 2006), Robert et al (2006) also address inappropriate language make a fence to engaging SMEs in CSR. Other barriers are lack of proper support service for CSR in the community and appropriate information regarding CSR. Usually SMEs want to access a support service or information for CSR but many SMEs feel it is not sufficient or do not know how to access. SMEs also have fear of doing CSR wrong or poorly. Short-term business planning is addressed with time and resource constraints as barriers. In supply chain and procurement, SMEs feel CSR as a barrier when they compete with other companies. Therefore, Roberts et al (2006) argue that assistance in setting and meeting CSR procurement is required in regional CSR spread in SMEs. In addition, they suggest opportunities to overcome such as learning from others, communicating and celebrating

best practices, and increasing the evidence base and demonstrating the link between CSR and competitiveness.

To sum up this section, table 2 shows the opportunities and barriers to CSR in SMEs from the previous studies.

Table 2. The opportunities and barriers to CSR in SMEs

Opportunities	Barriers
<ul style="list-style-type: none"> ■ Flexibility ■ Concern for local basis 	<ul style="list-style-type: none"> ■ Time ■ Resource constraints (financial, human etc.) ■ Low perception of CSR due to inappropriate language ■ Fear of doing wrong ■ Overriding influence of owner-manager ■ Lack of proper support and information ■ Getting employees involved ■ Embedding CSR culture in the company ■ Measurement and quantification of the benefits of CSR

2.2 CSR theory

This section gives the relevant CSR perspective to examine CSR perception and describe CSR practices in SMEs. The three-domain model of CSR (Schwartz & Carroll, 2003) will be introduced as a relevant theory to investigate how the case companies perceive and define CSR. The model will be used when creating qualitative interview questions and conducting the analysis.

Criticisms and discussions on CSR have emerged from various disciplines. Largely there are two opposing arguments around CSR dividing into positive and negative views. Friedman (1970) stands in negative view side and argues that social responsibility is just one of the tools for increasing profit. That is, corporations do CSR using their resources just to enhance their reputation or image to increase benefit. On the contrary, Carroll (1979) argues that corporations have a philanthropic duty along with economic, legal, and ethical responsibilities, and has contributed to bridge the gap between economics and other expectations (Schwartz & Carroll, 2003).

Carroll presented the four-stage pattern of CSR (1979) and later reorganized in a pyramid structure and developed it into a framework called the “Pyramid of Corporate Social Responsibility” (1991) presented in Figure 1.



Figure 1. The pyramid of corporate social responsibilities
(Adopted from: Caroll, 1991; Schwartz & Carroll, 2003)

Four stage pattern of CSR by Carroll in 1979, summarized according to Jamali et al.(2009, p.359), is “economic (jobs, wages, and services), legal (legal compliance and playing by the rules of the game), ethical (being moral and doing what is just, right, and fair), and discretionary responsibility (optional philanthropic contributions)”

The Pyramid framework had considerable value but the use of pyramid framework demonstrate confusion or inappropriate for some situations, therefore “Three –Domain Model of CSR” was proposed as an alternative means to describe CSR activities and orientations (Schwartz & Carroll, 2003).

The model could avoid the separate philanthropic responsibilities and subsumes it within economic and/or ethical spheres. The model also eliminates hierarchy between the four responsibilities and facilitates a categorization of corporate activities in social responsibility (Figure 2). With these reasons, this study has chosen this model to describe how SMEs perceive social responsibility in their own progress.

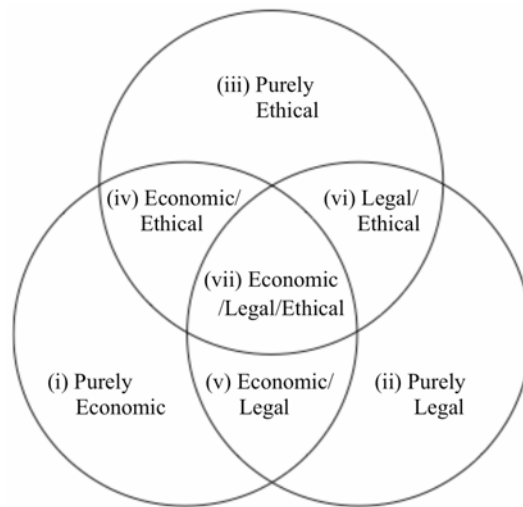


Figure 2. The Three-Domain Model of corporate social responsibilities
(Source: Schwartz & Carroll, 2003)

2.2.1 Economic domain

The economic domain connotes the activities that have either a direct or indirect positive economic impact in the corporation (Schwartz & Carroll, 2003). The positive economic impact means “the maximization of profits and/or the maximization of share value” (ibid, p.508). According to correlation with the corporation, activities such as actions aimed to increase sales or to avoid litigation are classified as direct economic activities. Indirect economic activities are such actions for improvement moral of employees or enhancement of corporate image. From aside these examples, any actions which have a positive economic impact are under the economic domain.

Schwartz & Carroll (2003) pointed out that most actions taken from a firm are driven by economic motivation. However, there are possibilities of exception of actions for the economic domain. For instance, following actions are not included in the economic domain, if “they are not intended to maximize profit (or minimize loss) when a more profitable alternative exists, or they are engaged in without any real consideration of the possible economic consequences to the firm” (ibid, p.509).

2.2.2 Legal domain

The legal domain pertains to legality of a firm, which is asked by society such as federal, state, and local jurisdictions. Schwartz & Carroll (2003) categorized the legality into

three views: compliance, avoidance of civil litigation, and anticipation of the law.

The compliance category refers that the company does what it wants thus results in complying with the law, or the company does in order to comply with the law. The avoidance category contains activities that are motivated to avert possible civil litigations. The last category, anticipation of the law implies that the company considerate future possible change of law when acting and participate in preventing or modifying of new legislation.

There are also exceptions for activities in the legal domain. The activities are excluded if they are made from “an awareness of non-compliance with the law,” or “an awareness of actual or potential civil negligence,” or if they are “merely passive compliance with the law” (ibid, p.511).

2.2.3 Ethical domain

The ethical domain refers to “the ethical responsibilities of business as expected by the general population and relevant stakeholders” (p.511, Schwartz & Carroll, 2003). Schwartz & Carroll (2003) presented three standards for the ethical domain as following. First, the conventional standard means “those standards or norms which have been accepted by the organization, the industry, the profession, or society as necessary for the proper functioning of business” (ibid, p.512). Second standard is consequentialist (or teleological) and regards the result or consequence as importance. The consequentialist standard promotes the good of both an individual and society. Third standard is deontological and focused on reflection of one’s duty when acting.

2.2.4 CSR portrait

The three-domain model of CSR enable researcher to analyze where the company has the emphasis or origination among three domains. CSR portrait is a graphical representation of one’s CSR prioritization (Schwartz & Carroll, 2003). Figure 3 shows variable portraits in the model. The CSR portrait will be used when analyzing CSR activities in SMEs for this study.

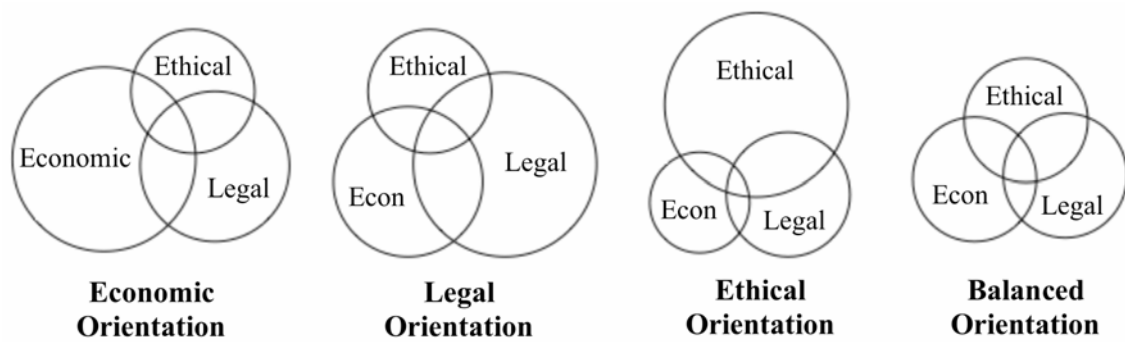


Figure3. Corporate social responsibilities “Portraits”

(Source: Schwartz & Carroll, 2003)

2.3 Resource- Based View (RBV)

This section will introduce an overview of resource-based view theory in the field of CSR as the resource-based view of a firm explains why CSR is pursued by corporations analyzing how corporations allocate resources in order to achieve long-term social objectives. The resource-based view was used as a base when creating interview questions for qualitative study and analyzing the empirical finding to examine SME-specific opportunities and/or barriers in implementing CSR.

2.3.1 Resource- Based View (RBV) as a tool in research on CSR

Hart (1995) adopted RBV in the research of environmental performance including aspects of dynamic capabilities and a link with the external environment. He added continuous improvement, stakeholder integration and shared vision as critical resources in the model. He suggested three interconnected strategic capabilities (pollution prevention, product stewardship, and sustainable development) concerning their connections to sustained competitive advantage

Russo and Fouts (1997) argue that RBV offers a tool for refining analysis of influences of CSR policy because RBV focuses strongly on performance as the key outcome variable and RBV perceives intangible concepts such as know-how, corporate culture, and reputation of importance.

Garriga and Melè (2004) suggest that the natural resource-based view is one of the approaches in instrumental theory of CSR by classifying main CSR theories and approaches.

Branco and Rodrigues (2006) strongly contend that the resource-based perspectives are useful to figure out the reason for engagement of a firm in CSR activities and disclosure. Considering involved cost of engaging CSR activities, the resource-based view is a persuasive tool for analyzing CSR (ibid.).

2.3.2 Resource- Based View (RBV) and Competitive Advantages

The link between a firm’s resource (internal capabilities) and its performance are focused in the resource-based view (Branco & Rodrigues, 2006). Adapting Grant’s (1991) analysis, resources are classified as tangible, intangible and personnel-based. Tangible resources are financial reserves and physical reserves. Intangible resources are reputation, technology and human resources including further culture, the training and experience of employees and their commitment and loyalty. Performance of a firm aims to result in competitive advantages and sustained competitive advantages derive from the resources and capabilities (Barney, 1991).

Hart (1995) suggested graphical summary of the relationships among firm resources, capabilities and sources of competitive advantage by reviewing key authors’ literatures in the resource-based theory (Figure 4).

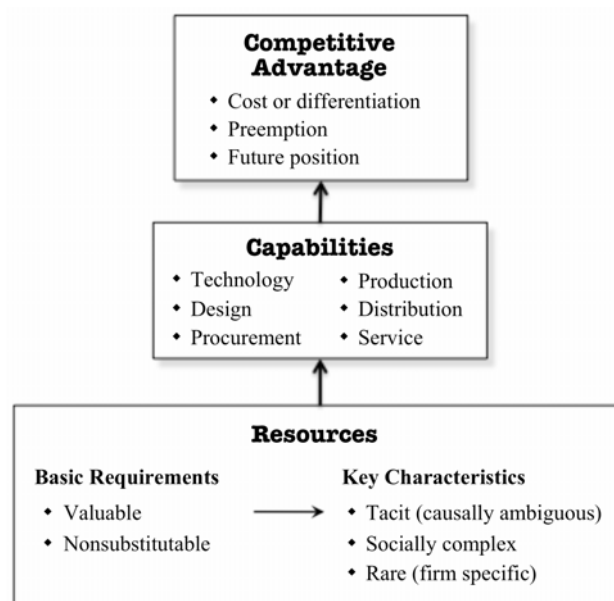


Figure 4. The resource based view of a firm (Source: Hart, 1995)

In these relationships, resources should be *valuable* and *nonsubstitutable*. Such resources are also either *tacit* or *socially complex*. Resources must contribute to “a firm capability that has competitive significance and is not easily accomplished through alternative means” (Hart, 1995, p.989). Resources are “the basic units” for analysis of competitive advantage of a firm and “competitive advantage can be sustained only if the capabilities creating the advantage are supported by resources that are not easily duplicated by competitors” in resource-based theory (Hart, 1995, p.988).

Russo and Fouts (1997, p.537) emphasize on a firm’s organizational capabilities and added them in resources in RBV analysis because the resources are “not productive on their own.” The organizational capabilities of a firm mean “its abilities to assemble, integrate and manage these bundle of resources”(ibid.).

This study adapted the combinations of Russo and Fouts (1997) because they define resources in practice and include organizational capabilities. The considered resources and capabilities in the applications of the resource-based view for this study are as below.

- (1) financial resources;
- (2) human resource, organizational capabilities including culture, commitment, and capabilities for integration and communication;
- (3) intangible resource of reputation and political acumen.

3. Methods

The method chapter will explain how the study was conducted and introduce the methodologies that are used for selecting companies and collecting data in this study. The case descriptions of two companies and the respondents will be also presented in this chapter.

3.1 Literature Review

Background information for this study was gathered by reading previous research in the field of CSR in SMEs and CSR opportunities and barriers in SMEs. The literatures were used to find the research gap of this study and to build theoretical frame work. This study used electronic database provided by the university library to find the literatures and relevant scientific articles as well as books concerning the area of interests. When selecting the related literatures, the accuracy and reliability were considered. General information on CSR came from various resources such as books, magazines and articles. This study has chosen literatures that are up-to-date as possible for accuracy and reliability. Literatures of CSR in Swedish context and CSR in SMEs were not many. Therefore, the information is limited but the accuracy of the information in this study is considered good as it reflects the recent situation in the interest area.

When searching for articles related to SMEs-specific opportunities and barriers in CSR, this study started from one relevant article and found other relevant articles through its cited references as research on this topic has been relatively little done. This way to find information is a so-called snowball sampling. The results of the snowball sampling may have bias, similarities and difficulty to find new cases (Saunders et al., 2007, p.240-241). However, snowball sampling provides the only possibility when the population that is difficult to identify (ibid.).

3.2 Qualitative Data collection

Quoting Hancock & Windridge (2007, p.4), this study has chosen qualitative method.

“If a research question involves exploring how something happens, it’s probably appropriate to use quantitative methods. Qualitative research attempts to broaden and/or deepen our understanding of how things came to be the way they are in

our social world.”

According to Merriam (2001), qualitative studies require sensitive data collection to an underlying meaning when collecting and analyzing data thus, suitable to investigate a deeper meaning within a context.

This study carries out the qualitative study in order to understand how is CSR in SMEs, which requires data of qualitative character. This will lead the clues to unfold what is SMEs-specific opportunities and/or barriers to CSR by analysis based on the data of in-deep information on specific small and medium sized-enterprise (SMEs) in Sweden.

3.3 Case study approach

According to Stake (2005, p.443), “case study is common way to do qualitative inquiry.” The case study approach is used to catch the complexity of a single case when the case in itself is of special interest (Stake, 1995).

The case study approach enables an investigation to achieve the holistic and meaningful characteristics of real-life events (Yin, 2003). The case study approach is a significant method to determine the complexity, distinctiveness and the activity of a single case interest itself (Stake, 1995).

Stake (1995) classifies the case study into three categories according to how to choose the sample and the number of sample for the study. Criterion of the selection method of sample, there are intrinsic case study and instrumental case study.

In the intrinsic case study, case is given and researcher has interest in the case not for some lesson or general knowledge from the case but for necessity to learn the particular case. With a different situation that researcher has a question and need for general understanding, the instrumental case study can give answers from the findings by studying a particular case. Case study here is instrumental to have general understanding which is not settled only in the particular case. Lastly, the collective case study has more than one case in the same situation with the instrumental case study. Collective case study approach supports the researcher to study more instrumental cases by examining each case in itself and coordinating it with other cases (ibid.).

In a case study, the results can be represented or not, but more emphasis is on investigation of a case to see how it behaves (ibid.).

To conduct qualitative data, this study takes advantage of a collective case study approach with the in-depth look in SMEs. Another reason to choose the case study approach for this study is that CSR is by nature complex issue and confusing term for SMEs (Murillo & Lozano, 2006).

Due to the natures of case study approach, this study does not aim to generalize whole population of SMEs but provide examples of CSR in SMEs demonstrating how SMEs understand and conduct CSR in order to investigate specific barriers and/or opportunities to CSR.

3.3 Selection of Cases

Stake (1995, p.4) argues that “case study is not sampling research” and its first purpose is to understand the case itself as one or a few cases cannot represent other cases. The first criterion of selecting the sample should be to maximize what we can learn (ibid.). The purpose of this study is to investigate SMEs-specific opportunities and barriers when conducting CSR by investigating how they perceive and conduct CSR. For that reason, representativeness of cases for the whole population was less aimed to have when selecting samples for a case study. In case study research, it is less important to see whether the result can be representative or not, but it is more interesting to investigate how the case behaves (Stake, 1995).

Multiple-case design was chosen because it has more analytic benefits, the powerful conclusions and less vulnerability than single-case study (Yin, 2003). In the present study, two small-sized companies in Sweden are chosen.

When creating the samples of case studies, a database was used in order to have probability sampling and to smooth the possible obstacles due to time constraint. UC WebSelect is a database used in the study and contains financial information about all registered firms in Sweden. This study could make a selection for creating samples

according to own preference. The criteria of the selection for this study were the number of employees, turnover, municipality and industry.

The number of employees and turnover as a selection criterion follow the definition of SMEs from EU. There are many headquarters in Stockholm and geologic convenience to access, Stockholm region was one criterion for selection of cases. This study aimed to select SMEs in the same industry such as manufacturing or construction due to personal interest for these industries. For example, manufacturing tends to have a longer experience with CSR, and construction is usually regarded to be more exposed to environmental issues and have bigger demands for CSR than other industries. Despite innumerable contacts for the interview request in manufacturing and construction industry, only one company in manufacture was willingly to be interviewed. In the end of the selection of samples, three small-sized companies were included in this study. One sample came from the database and other two samples were found in EU report on environmental responsibility in SMEs and recommendation from CSR Sweden. However, this study contains two cases as one of the companies in the conference service industry withdrew their participation in the study in the late process. Rest two companies' industries were regarding organic product that this study did not intend. This might be because they are confident and have more interest in this study than other industries. Furthermore, the remained companies had good reputation² in CSR issues coincidentally. In result, this study has become a more inclined study towards good CSR practices than normal ones in SMEs.

3.3.1 Presentation of case companies

☉ Dem collective AB

Dem collective is a micro-seized textile company in organic cotton clothing. It was

² Dem collective AB was introduced several times for being recognized their significant activities and impact on CSR focusing human rights. The articles in which the company has been introduced are found on their home page (in Swedish).

http://www.demcollective.se/visa.lasso?ukat_id=800000000030851&kat_id=8450000000009125&mall=1-spalt.lasso

Saltå Kvarn won several prizes for their organic products and social responsibility activities. (e.g. the *Coop matpris* in 2006, the *social capitalist award* and the *Leva bättre priset* in 2009)

established in 2004 and has two offices in Gothenburg (Headquarters) and Stockholm, and one factory in Sri Lanka. The products are mainly t-shirts and jeans made of organic cotton, and have been sold mainly in Sweden and with a small portion in US. In 2009 the company had a turnover of 2 million crowns and had 3 employees in Sweden and 16 in Sri Lanka. The participant in the interview was CEO.

The founders have had a great concern at human rights of workers and established the company to show “it is possible to combine ecology, ethics and quality with good design.” Dem collective has been introduced several times in news articles with a good reputation in social responsibility despite its short history as the company has recognized their efforts to run a profitable clothing company without taking unfair advantage of people and environment.

As the company is small and in the stage of growth, they want to grow and expand their sales market overseas to lower the price and have popularity of organic clothes, which is produced in a sustainable way.

● **Saltå Kvarn AB**

Saltå Kvarn is a small-sized organic food company which started in 1964. Head office and production facilities are located in Järna, southern Stockholm area. The company has approximate 150 organic food products such as beans, dried fruits, nuts, snack, pasta and organic juices. These products are cultured in the farms of suppliers in Sweden and other countries like Italy, Turkey and China, and mainly delivered to supermarkets, healthy food stores and bakery. The company has also one boutique and a cafe near the factory selling and displaying its products directly to customers.

The company has a turnover of 151 million crowns and 80 employees in 2009. Turnover is showing an upward trend since 2003. The representative of the company to participate in the study was the logistics manager who is responsible for social responsibility.

Table3 shows the brief description of two companies in this study.

Table 3. Case description

Company name	Turnover (million crowns)	Number of employees	Industry product
Dem collective AB	2	3 (Sweden) 16 (Sri Lanka)	Organic clothing
Saltå Kvarn AB	151	80	Organic food

(The basic year for turnover and number of employees is 2009.)

3.4 Qualitative Interviews

“The qualitative research interview attempts to understand the world from subjects’ point of view.” (Kvale, 1996, p.1) As the qualitative interview has few pre-structured or standardized procedures when conducting, a researcher is often required to make an analysis or methodological decision on the spot during the interview (ibid.). However, this enables interviewees to answer in their own words.

Taking these advantages, this study has chosen to apply qualitative interview in order to receive qualitative in-depth information about CSR from the respondents. Following a similar approach to Sweeney (2007), this study used qualitative strategy of investigation based on semi-structured face-to-face interviews.

The interviews were conducted visiting the companies during the weeks 11-12 and lasted for approximately 60-90 minutes. The interviews were held in English. Computer-based record program called “Audacity” was used in recording the interviews for more precise interview transcription.

Interview items were (1) CSR perception; (2) CSR activities; (3) Stakeholder management and integration of CSR; (4) Communication of CSR; (5) Barriers and opportunities of CSR.

The interview questions were pre-sent and presented as semi-structured in order to allow the interviewer to ask follow-up questions and make interviewee answer more

thoroughly on the questions. The interview questions were generated based on the research question in this study and partly previous research within similar topics on CSR. (See Appendix 1)

The transcripts were scrutinized thoroughly based on the records of interviews. The relevant quotations were selected and elaborated into a fluent text in case of need for more readable text. The transcripts were double-checked with respondents to ensure for the quality of the contents.

3.5 Critical reflection on methods

One critic can be raised in the method is regarding selection of the respondents in the case companies. This study has one respondent in the different position for each case company due to time constraint and a mismatched interview request with their timetable. If more respondents from several positions (e.g. CEO, manager, employee, etc.) were interviewed, this study could have the more dynamic view into the companies. Thus, this study kept it in mind that some of their answers may not have been representative for the whole company. However, the weakness is considered to be covered somewhat by the qualitative interview and case study as they can give an in-depth look and holistic view, which were mentioned in section 3.3 and 3.4.

Theoretical critics on the method in the study are also suggested. According to Yin (2003), the case study has critiques despite its distinctiveness as an empirical inquiry. They are regarding a lack of rigor of case study research and little basis for scientific generalization. This study chooses semi-constructed questionnaire and digital recording to keep its distance from the concern of lack of rigor. Regarding generalization, this study keeps Yin (2003, p.10)'s suggestion in view that "the case study does not represent a sample" and could have analytic generalization not statistical one.

Qualitative interview has also critiques of the trustworthiness of its findings due to the doubt if the method secures a scientific holy trinity; generalizability, reliability and validity (Kvale, 1996, p.229). Generalizability is mentioned above and relates to how

the cases were selected. During the process of selection, the case companies in this study turned out to be inclined to good CSR examples in SMEs. This study cannot generalize the findings for whole SMEs but tries to contribute to learn SME best practices in CSR in the specific cases that were investigated in this study.

Critique on reliability can be raised due to that leading questions affect to interview results (Kvale, 1996). To elicit unbiased answer, this study adopts semi-constructive questionnaires based on the purpose of investigation of the study. It is possible to check reliability of interviewees' answers in the semi-constructive questionnaires and is also the strength of the qualitative interview (ibid.).

Kvale (1996, p.289) argues that interviewing can create validity through “a continual checking, questioning, and theoretical interpretation of the findings.” Qualitative in-depth interview allows this study to add follow-up questions and enables interviewees to explain themselves closer to the truth. For continual checking, transcripts were double-checked by respondents. Theoretical frame of this study, previous research and relevant theories, is the base of analyzing the interviews and gives validity of this study.

4. Empirical Findings

In this chapter, the empirical findings of conducted study will be presented in two parts. The reason for presenting the empirical findings in two parts is for the reader to facilitate a deep understanding of the findings by reading about two companies individually. The empirical findings are arranged in alphabetical order of company names; Dem collective AB, Saltå Kvarn AB.

The empirical findings will be present pursuing the purpose of this study based on theoretical frame presented earlier.

4.1 Dem collective

4.1.1 CSR perception

The CEO of Dem collective perceived social responsibility by mentioning human rights and environment issues. CSR agenda was down for official discussion as a business idea in the textile industry the company belonged to:

It is very transparent in the mission statement and everything. Our company wants to prove the value that it is possible to produce a product without abuse and exploitation of human rights. The founders built a business model in textile industry. It was a spontaneous choice and a reaction to the exploitation of human rights in the industry. The founders have learnt the textile industry, processes in the industry. Over the processes, they have learnt how to pursue the value in competition with large companies in a hard way.

The CEO thought the company was socially responsible as the company was established based on CSR issues like human rights especially in the third world, and they tried to build a business value around this:

Dem collective tried to protect employees' human rights from exploitation and abuse by avoiding low margin product and building a business model around this value. We think our company is socially responsible, otherwise we lose our business idea that is unique and a selling point.

The CEO gave emphasis on human rights and environment among CSR issues. The company explained that choice of organic cotton as a material was for workers' health and environment. The CEO continued examples of human rights:

Our employees in the factory also have rights to refuse to die textile if they think it could threat their health. Sometimes, our customers who signed OEM (original equipment manufacturer) deal with us bring own fabric. If there are risks or questions regarding the fabric, our employees have the rights to take a vote to decide if they will work on the fabric or not.

When CEO defined CSR in the focal company, the term CSR was familiar with the company as a business idea and value but CSR as a concept was not united among them. CEO had engaged recently and wanted to ask the definition of CSR to the founders of the company:

It [i.e. CSR] is a sort of foundation of a business idea to prove that you can find sustainable business based on CSR issues. CSR has never been a separate issue. We believe that we have a responsibility for whole picture for beyond profits, afterwards with our products and our workers.

CEO added lines after asking the founders' opinions.

Their [i.e. founders'] business idea is founded on the fact that CSR has an evident part of a sustainable business and thus (it is) the idea behind DEM Collective (to prove that you can build a sustainable business on these values).

Among three responsibilities of CSR, the focal company considered ethical responsibility more:

As we see CSR as a whole with a whole scope, we cannot have one type without the other.... In practical point of view, we must look at ethical responsibility first. Then that goes hand in hand with legal responsibility and economic responsibility.

4.1.2 CSR activities

When the CEO was asked to describe their CSR activities, activities regarding human

rights were mentioned. The company encouraged employees to join the union and to awaken their human rights through management meetings:

(We have) meeting. We encourage their way of thinking, and encourage them to join the union and to think about their own rights. However, by setting it in an example, they have influenced and decided their work environment. That is kind of activities and also our way of running business. We believe those values.

However, other activities could be found from information through their home page and checked from lists of CSR activity examples (Appendix 2), which was used during the interview. Adapting Jenkins (2006), CSR activities in the focal company are divided into four categories.

For environmental activities, the company reduced use of harmful chemicals and waste by simple design. For employees, the company had a policy of good working conditions, commitment, empowerment, democracy and transparency. The company had the celebration of social events for employees.

Regarding supply chain, the company had open house policy for customers, suppliers and competitors to look around their office and factory. The company developed long-term partnership with suppliers and gave help to potential suppliers to run their business in the sustainable way by sharing and support knowledge on social responsible activities. For community, the focal company employed people from the local community in Sri Lanka, and sponsored a local event in Gothenburg. The founders were giving lectures on the topic of CSR in textile industry and participated in CSR organizations. The founders won several awards for their social activities.

The CEO stated the purpose of CSR activities clearly:

We do CSR activities to inform the value our company pursues and to keep it alive and up to date in contact with all we do.

CSR activities of the focal company targeted at potential customers or the public to raise awareness of CSR in human rights issues. To spread their view of CSR and raising

issues, one of the founders (Karin Stenmar) was giving lectures. For example, lectures were about a minimum wage that was a critical issue in the textile industry or telling their story as an example of CSR practice. The focal company also regarded their activities in CSR as tools for development and communication:

Sometimes it does [i.e. targets at particular stakeholders]. Very often (we do) to develop our argument of own perspective on CSR, but actually we communicate our idea with other people. We do it between links of stakeholders too.

Community and general public affect CSR activities of the focal company. The company considered them as end target group and tried to watch the degree of their understanding of CSR issues to influence them:

In order to influence them [i.e. community and general public], we need to understand them. It is like a circle.

<Stakeholder management and integration of CSR>

The focal company considered all stakeholders equally important and invisible impact behind their products and stakeholders:

All of them [i.e. stakeholders groups] are important as we try to take a whole picture into consideration, which is a challenge. Sometime, we have to prioritize them, but we are trying to work with a whole picture and to see beyond the immediate impact on environment or employees, and behind employees and their family, behind our product like cotton farmers, etc. That is our whole scope. We are trying to see those whole pictures and to learn from that.

The focal company has only five employees at that time. Ordinary CSR tools such as ISO management systems were not implemented and the CEO pointed resource constraints as a barrier for the reason. However, the company had their own way to control (e.g. strong policy on social responsibility and documentation). Following the business idea, the company promoted transparency not just in products but also in management, thus, the company had open house policy. Strong desire for implement of CSR tools was shown:

We have had a tool in own method like very strong policy which never compromise on those statements or values, and we work on this with documents as a tool. As the company grows, we realized that inviting external party is a good way for us to reevaluate ourselves.

The focal company was not systematically organized for CSR implementation. CSR itself worked as business strategy:

CSR is our business value and unique selling point.

The company included CSR as a part of overall reporting procedures in management. Each meeting for general management, products and employees held in once a week and dealt with CSR issues:

Over the meetings, we look for CSR issues. This process is very structured and keeps us to check our value and not to compromise our value.

One of the founders was responsible for task regarding CSR and training for employees. The company did not have reward system related to CSR, but training functioned as a tool for activating CSR issues. The company did not dedicate budget for CSR separately.

4.1.3 Communication of CSR

The focal company communicated their CSR activities through the homepage, lectures on CSR issues, involvement in different networks (e.g. CSR Sweden) and debates. The CEO thought their communication was two-way as the company listened to stakeholders' opinions when giving lectures and participating CSR networks.

In particular, giving lectures was a tool at present and for future to communicate with a target group or another group of people: potential customers, students, community and academic society. The company perceived importance of communication and was satisfied present communication way. During the conversations regarding CSR communication, financial constraint was alluded as a barrier to giving lectures as CSR activities:

We would communicate more externally and be active if we achieve a better financial state (money). We hope that founders could do more social activities on CSR issues being free from lack of resources... Communication is very important. We hope to be able to do more.

4.1.4 Barriers and opportunities of CSR.

The CEO in the focal company did not point specific barriers to CSR in general view as their business value was based on CSR. The company accessed their start line in CSR was different with others and enabled them not to compromise CSR. The company was also often paid attention to due to their CSR activities:

It is much harder for other stakeholders or other competitors to change for us as we started with these values [i.e.CSR], and we have had a tool from the beginning.

She thought the opportunities of CSR were deducted from whole business not from their activities related CSR. The company accessed CSR activities contributed to intangible benefits such as increased brand image, good reputation, market placement, increased employees' satisfaction and increased attraction to potential employees. However the company did not feel yet that CSR activities linked to financial benefits such as increased sales:

That [i.e. the opportunities of CSR] is from a combination (of activities and whole business) as activities are continual way of working with CSR issues, which have been huge advantages and a whole existence of Dem collective. We have cooperated with CSR issues from the beginning and been open and clear about these issues. That built our brand accepted as a representative for these values. A lot of people know what Dem collective is for that reason but do not know what the clothes looks like.... We hope to make the connection between good reputation (or brand) in CSR and profits clear in the future. We are working on it.

The CEO mentioned that both small size and CSR as their business value CSR facilitated CSR and perceived that CSR linked to sustainable business by reducing risks:

Both small size and our business value make us easy to do social responsibilities. CSR is definitely a tool for reducing risks to be sustainable business.

For SME-specific barriers, she addressed constraints of human resource, time and financial resources for major barrier and thought financial resource constraint was the most significant barrier:

Lack of resources (money) compromises small business. We do not short of ideas and inspiration but in reality there reminding us that we have to stick to our business and survival that are all of us now. For example, economic crisis reduced our customer.

In comparison to a large company, the CEO addressed that they had a small impact to the industry when they tried to bring social responsibility issues but on the other side they had liberty to pursue the issues further. She continued to mention the differences between large companies and the company as a SME with presenting their short experience in textile industry and different start line toward CSR. The company had less knowledge on the industry for their short history and difficulty with creating profits not compromise CSR, their business value. She suggested that there was a space to learn from each other:

We have (less) benefits of starting just few years ago with these values [i.e. CSR] and the biggest challenge is how we achieve a sustainable economy in this. What are the issues that we need to become better at and sometimes not to compromise is to overcome a negative feeling that we cannot have higher ambition in the industry. We have something to learn from large corporations (e.g. tradition in the industry) and they have a lot to incorporate regarding CSR and issues. So, this is very huge different as we come from huge different perspectives on CSR issues.

The CEO thought that small size gave them both opportunities and barriers to CSR. For the focal company, small size enabled them to keep their CSR quality and to be close to stakeholders. However, impact of influence to stakeholders was considered relatively small:

Small size of our business facilitates us to be able to see and control how our employees work and the environment. Challenge for the future, when it becomes bigger, will be to maintain the

value of what we have been doing. That will be a big challenge. We could be closer to stakeholders than a large company. However, influence to them is smaller.

4.2 Saltå Kvarn

4.2.1 CSR perception

The logistic manager in the company, Saltå Kvarn, perceived responsibilities in aspects of social and environmental and customers' expectation and ethical motive were main force. He said:

We have responsibility for social issues as well as environmental issues. The two are linked together...Yes, of course, (customers' opinions are important matters in the discussion and) our customers expect us to be a good company in both terms of internal and external. Internally we are expected to do good to ourselves and externally to treat our suppliers well.

The logistic manager evaluated the focal company was socially responsible and mentioned that environment should be embedded in their way of thinking due to their products. Environmental aspect of CSR and employees' satisfaction were highlighted in the firm:

We perceive the company as socially responsible in the trade of the commodities we produce and import. As we are only trading with organic commodities, we have identified the environmental aspect to be most important. A complementary side to this is of course the wellbeing of our own staff, and at the same time, the way our suppliers lead their everyday business. We nourish the thought that people, who like their work and workplace, also do a good work.

The focal firm included CSR in their business value. The logistic manager present their four business cornerstones of *Taste, Ecology, Health and Trustworthiness* as a driving force toward CSR, rather than showing how they defined CSR. He mentioned *Ecobanken*³ was the main bank of the company to combine business with good values.

³ Ecobanken is a Swedish bank which pursues an ethical bank. It is a member bank and discloses the information where your savings are used for and members can influence for loan projects in the bank.

When describing CSR with own words, environmentally sound products came first and suppliers were implied as a stakeholder:

We sell products which has been grown and produced in an environmentally healthy manner; you should be able to feel the taste from the work of the farmer or baker. We cooperate with suppliers in long term relations, with frequently meetings and visits to productions facilities and farming areas. We encourage our suppliers, to work with projects involving social and environmental improvements.

In practice, the logistic manager gave priority on environmental responsibility among three domains of CSR. He also thought that a company should have economic responsibility for employees. He mentioned Swedish culture in business which was based on emphasis on legal and ethical responsibilities, and thought that the focal company was on the premise of the culture:

The environmental aspect of the responsibility question is the most important. We have an obligation to ourselves and future generations, to reduce the bad impact of our business. Everyone should be able to live on their salary, so an economic responsibility is very important. I think Sweden is more confident in legal and ethical responsibility due to union and culture. This is not the case in many other places in the world, also in the countries that we purchase goods from. However, economic, legal and ethical responsibilities are all combined.

4.2.2 CSR activities

For the focal firm, environmental management and action toward climate change were key parts of CSR. The logistic manager presented their environmental performance as examples such as carbon offset for the transports and change of transportation method for less carbon emission.

For instance, the company adapted carbon offset for the transports in 2007. Since 2009 all of transports were included in the carbon offset. The method of carbon offset is to plant trees to catch the carbon dioxide emissions caused by their transports for products. Another action to cut emission was to move our transports from truck carriers to railway and boat, and this contributed to reduction of emission by 50% in 2009.

(<http://www.ekobanken.se/?id=338>)

The logistic manager continued to present other environmental performances of recycling, use of biofuel, waste reduction. Recycling of the chaff from the oat production enabled to produce heat energy for the warehouse, bakery, café, kitchen and office by incinerating them. This led to waste reduction as well.

Other activities were recognized by assistance of lists of CSR activities (Jenkins, 2006). Activities for employees and supply chain were support for education of employees (bakers), seeking long relationship and support to be more sustainable for suppliers. For example, the company encouraged their suppliers to participate in projects involving social and environmental improvements (e.g. happy villages⁴ and Green cane project⁵). Activities for community were sponsorship of local events, employ people from local community, winning awards, and the membership of SNV (Social Network Venture).

Motivation of CSR activities seemed to be ethical sounding like being environmental and social motive:

We want to work for a socially and environmentally sound food production. This is also a way to show good examples from our business, and inspire other companies.

CSR activities of the focal company did not target and were affected by mainly NGO's and the daily influx of news and development.

<Stakeholder management and integration of CSR>

The logistic manager addressed employees, shareholders, customers and suppliers as the main stakeholders. Employees were highlighted as the most important stakeholder even for customer satisfaction by believing that happy employees could satisfy their customers:

⁴ The project supports the farmers in Turkey to culture organic crops and fruits.
(<http://www.isiktarim.com/articles.php?tPath=2&language=en>)

⁵ The project aims to develop a self-sustainable sugarcane production system in Brazil and realize all the ecological and conservationist potential of this crop.
(<http://www.nativealimentos.com.br/en/cana-verde/index.html>)

The company exists on the basis that we as employees, who like to work for the company. So without a committed and empowered staff, there wouldn't be any company.

CSR tools were synonym with environmental management tools in the focal firm and sustainability reporting was preparatory stage:

We work toward environmental issues, social issues and economic issues together in sustainability report which is not published yet. The sustainability report is at planning stage and will be published in 2011 [i.e. one year later].

The focal company was not systematically organized for CSR implementation. The logistic manager stated that their business strategy, four corner stone, worked for CSR as well. CSR seminar and working group were emerged recently (since 2007) that functioned as training and an internal communication:

We don't have a specific agenda for the CSR. But our four Corner stones (Taste, Ecology, Health and Trustworthiness) of the company can be said as strategy for CSR.

The focal firm did not have dedicated CSR units. Managing director, logistics manager and quality/environmental manager worked together with the responsible for CSR. The traditional units of logistics, purchase and marketing departments were engaged in CSR activities in the company. For products, main tasks regarding CSR (e.g. eco label) in the focal firm were controlled in particular purchase routine. CSR was sunk into their ordinary task and they did not have carrot (incentives or remunerations) for promoting CSR:

This work [i.e. works related to CSR] is integrated into the purchase routine, according to the rules of KRAV (Swedish eco label) organic standards. There are no incentives or rewards for conducting this kind of work, (because) it's part of the job.

The focal firm had no fixed budget for CSR. The cost for carbon offset was embedded in environmental budget.

4.2.3 Communication of CSR

Saltå Kvarn made an internal communication regarding CSR activities mainly in intranet and monthly meetings. Externally, they communicate with their stakeholders using seminars and internet instruments such as facebook, blog and homepage:

We have a vivid communication with our customers, through customer service, blog and other social media. We also conduct presentations of the company and the way we work, in different seminars and meetings. Our managing director is a well engaged speaker at gatherings as this.

The logistic manager thought the focal firm had two-way communication and would like to enhance their communication way by implementing sustainability reporting. More importance of activities than communication was added:

It [i.e. CSR communication] is of less importance than actual improvement of conditions in our society. On the other hand there is positive side to give good examples of activities, in the best cases this could inspire others to start.

4.2.4 Barriers and opportunities of CSR.

The logistic manager in the focal firm did not point barriers to CSR explicitly at the moment. However, in comparison to a large firm the logistic manager reflected his experience in multinational transportation company and addressed difference of size in human resource:

In my earlier work in the transport sector, at a global transport company, they had fulltime employed people and department just for CSR. But this surely differs from company to company.

Before answering opportunities to CSR, he mentioned some benefits from CSR. For example, their business value with CSR contributed to their growth, differentiation, placing niche market and increasing employees' satisfaction:

Conducting CSR has contributed our growing as it is the whole idea of the company from the start. It is not for just making money, but it should be a company with staffs who is happy in

the working here. We also have to contribute the area which we live in....By conducting CSR, employees become proud and happy about our company. It also leads to good business by producing food in a good way.

.... Our products are organic food, and it makes us different with other companies in the industry. We do not need to explain how our products are. That is the benefit from our business idea. We are small but growing rapidly; 30% more growth than five years ago. Because we have initiated ourselves to produce organic products and there are only few companies like us in Sweden.

For SMEs-specific opportunities and barriers, flexibility and human resource constraint were pointed:

As we are small, we can be more close to customers and give quick responses to their opinion (flexibility). We have a short way between suggestion of idea and decision, which is an advantage. On the other hand, the relative small workforce makes it harder to work with CSR in broader spectrum.

5. Analysis

In this chapter, the empirical findings will be analyzed with theories from theoretical framework to answer the purpose of this study; (1) SME-specific barriers and/or opportunities to addressing CSR. In order to answer this, this study explored SMEs' CSR perception, CSR communication and activities for social and environmental responsibility; (2) differences and/or similarities of the results of this study with previous research findings.

This chapter consists of two parts; analysis will first deal with CSR in the case SMEs and the second part analyzes SME-specific barriers and/or opportunities and made a discussion by comparing the results with previous research findings.

5.1 CSR in SMEs

This study took an in-depth look in CSR throughout the investigation of SME-specific barriers and/or opportunities to CSR. This section provides the analysis of how SMEs concept CSR by the three-domain model of CSR, activities when they conducting CSR, and how they communicate with both internal and external stakeholders of their best practices. The analysis about the case companies' CSR perception, activities and communication will allow this study to draw conclusions about which factors may facilitate the CSR work of SMEs (i.e. opportunities) and which factors may stand in the way (i.e. barriers).

It is found that both respondents evaluate themselves socially responsible and have discussions on social issues in this study. Also, both respondents were familiar with and had some knowledge of the term CSR. However, it must be added before the analysis of the case companies that they have a tendency agreeing to be interviewed on the topic of CSR and turned out to have good practices of CSR and good reputations in society partly due to their industry (organic product). Thus, they are not ordinary SMEs but can provide good examples for CSR in SMEs and enlighten (stimulate) other SMEs. Also, the case companies are analyzed as two individual examples not for a comparison between them.

5.1.1 CSR perception

To categorize how the case companies perceive CSR, the three domain model of CSR was used. There are three responsibilities within CSR of economic, ethical and legal (Schwartz & Carroll, 2003). From the empirical findings in this study, it can be interpreted that the CEO in Dem collective perceives social responsibility with human rights and environmental issues. Her perception of CSR can be placed in the ethical domain of the three domain model of CSR. It is interesting that she prioritizes economic responsibility in last even though she considers all three responsibilities when seeing CSR. This can be interpreted that it is because the company has a specialized motive⁶ in social responsibility for their business foundation.

The logistic manager in Saltå Kvarn perceives that environment is the most important aspect and must be embedded in their business for social responsibility. He believes that economic responsibility of a company is also important. Therefore, his perception of CSR can be placed somewhere between ethical domain and economic domain.

When they were asked to define CSR in the companies, they could define what it meant specifically in the companies. At least for the respondents, CSR term was not “confusing” (Sweeney, 2007) or “vague” (Jenkins, 2006). However, the definitions were not explicitly explained the relationships between their concern of social issues and their stakeholders like the EU’s definition of CSR. The CEO in Dem collective substituted their business idea for a definition of CSR and four business corner stones was presented for a definition of CSR in Saltå Kvarn. This is connected to their way of implementation of CSR because they are engaged in activities in the context of CSR but do not have specific agenda, programmes or strategies for CSR.

5.1.2 CSR activities

CSR portrait from the three-domain model of CSR is a graphical presentation of one’s CSR prioritization (Schwartz & Carroll, 2003) and used to analyze how the case companies prioritize their activities related CSR.

⁶ The idea to establish the company was to show that “it’s possible to combine *ecology, ethics and quality with good design.*” (<http://www.demcollective.se>)

The CEO in Dem collective describes their CSR activities with a focus on human rights. For example, the company supports the employees to join the union and gives an opportunity to think about human rights through meetings. In addition, other activities for environment, supply chain and community. The purpose of CSR activities is clear namely that the company informs their value to the public and has a special identity with social responsibility by doing the activities. This is connected to differentiation for business benefits. This study also checked what can influence to the activities and community and general public were found. These influence factors are related ethical and economic domain as they are members of society not judicial authorities as well as potential customers. In the total analysis of CSR activities, it can be interpreted that the company prioritizes activities oriented not only from ethical domain but also economic domains. Therefore, Dem collective has an ethical and economic orientation in the CSR portrait for their activities when conducting CSR. From this, it is interesting to note that the company perceives only ethical domain but considers also economic domain in their CSR activities. That may due to every company consider maximizing or creating of profits in their whole business including CSR activities by nature as a profit-making organization.

CSR activities in Saltå Kvarn are more focused on environment. The logistic manager presented carbon offset, emission reduction by changes in transportation and other environmental management activities. Other detected activities are for employees, supply chain and community. The logistic manager pointed NGOs and daily news as influence factors to CSR activities. Considering their activities and influence factors, the CSR portrait can be an ethical orientation. However, the purpose of activities is for socially and environmentally sound food production and being a good example in the industry to inspire other companies. The purpose itself is good for environment and society but also for the business benefit as well because industry of the company is the organic food product. Socially and environmentally sound food production contributes to the good quality of organic food products, which is the industry of the company thus, doing so can contribute to increasing sales. The purpose of CSR activities is in line with their business value. Therefore, Saltå Kvarn has an also ethical and economic

orientation in the CSR portrait. The company's CSR perception is between ethical and economic and is in consistence with their activities' orientation.

Analyzing CSR activities in the two case companies, their stances toward CSR can be drawn. The companies work with CSR for their ethics and profits not for legality which can be considered as an outside pressure. Thus, they are proactive in CSR. Furthermore it is interesting to see that the companies did not point out some activities related their employees work environment which are asked by the law in Sweden (e.g. requirements from the union such as work hours, stable labor relations and transparency in agreement etc. addressed in the Scandinavian model). The companies consider the legality is the basic beyond CSR thus, the legal domain is not found in their CSR portraits for activities when working with CSR. In that point, their ethical and economic orientations in the CSR portrait is interesting to be in the Swedish context under Scandinavian approach to CSR.

<Stakeholder management and integration of CSR>

In previous research, SMEs have a similar stakeholder relationship according to Jenkins (2006). The CEO in Dem collective put all stakeholders in their mind with equal importance. However, the logistic manager in Saltå Kvarn highlighted employees among their main stakeholders for their satisfaction and work-family issues being in line with Vive (2006).

Saltå Kvarn has more tools than Dem collective such as seminars, working group and sustainability reporting in preparatory stage. In line with Jamali et al. (2009), however, both companies do not formulate CSR yet nor integrate it into strategic processes showing that both companies do not have dedicated unit and budget for CSR. In particular, CEO in Dem collective stated existence of own commitment to CSR, that can be interpreted to be based on the founder's volition to CSR reflected in their foundation background. It is in line with customized and personalized CSR to fit the company's believe and peculiar orientations of Jamali et al. (2009).

The two companies have their business idea or value works as CSR strategy. It is interpreted their industry of organic product influences for the situation.

5.1.3 Communication of CSR

Both companies communicate internally and externally in two-way. Internet instruments like home page, Facebook and blog are used in common. Dem collective is strength in communication within society by giving lectures and participating initiatives and debate in the field of CSR.

Views to CSR communication are different between the companies. For instance, The CEO in Dem collective considers communication as importance and is satisfied present communication way like giving lectures. However, the logistic manager in Saltå Kvarn considers CSR communication is less important than actual improvement but perceives the company can motivate CSR in other companies by showing their activities through communication of CSR.

5.1.4 Summary

Table 4 suggests CSR in the case companies in brief.

Table 4. CSR in case companies

	Dem collective AB	Saltå Kvarn AB
CSR conception & purpose	Ethical domain	Between ethical and economic domain
CSR activities	Ethical and economic orientation	Ethical and economic orientation
	Focused on human rights	Focused on environment
Stakeholder management & integration of CSR	All stakeholders	Primary stakeholders (highlighted in employees)
	Not formulized nor integrated into strategic processes	Not formulized nor integrated into strategic processes
	No dedicated unit and budget for CSR	No dedicated unit and budget for CSR
	More customized and personalized CSR to fit their believe	More tools (seminars, working group, sustainability reporting in preparatory stage)
CSR communication	Two-way communication	Two-way communication
	Homepage, facebook, meetings, lectures	Homepage, facebook, blog, intranet, meetings, conference
	Important	Less important (than actual improvement)

5.2 Barriers and opportunities of CSR.

5.2.1 Analysis on case SMEs

In the resource-based view (RBV) of a firm, resources are the basic units for competitive advantages of a firm (Hart, 1995). CSR can be substituted for competitive advantages in this study, thus, the opportunities and/or barriers to CSR in the case companies are analyzed by RBV.

The CEO in Dem collective alluded to barriers of financial constraint when describing CSR in the company before being asked to answer what are SME-specific barriers

and/or opportunities during the interview. For instance, the company needs more financial resources for introduction of CSR tools such as ISO system and more active communication by giving lectures. She included human resource constraint in financial resource constraint as financial resources enable to hire more employees. However, this study follows the classification of resources of Russo and Fouts (1997) for analysis. Therefore, human resource constraint is also found as a barrier to CSR in the focal company.

She also pointed at the lack of tradition in the industry as a recently emerging company. That can be interpreted as an organizational capability constraint that belongs to culture because the company is not yet knowledgeable about textile industry and creating profits efficiently due to short history of entry in the industry. This hinders them to run a profitable company without compromise social responsibility, which is the company's belief toward CSR and contributes financial constraint as well indirectly. However, the barrier is connected to their short history rather than their small size.

Furthermore, the CEO mentioned a small impact to stakeholders due to small size, and whether it is possible or not to maintain the present value the company has been doing in the context of CSR. These are interpreted not to be barriers but challenges when they conduct CSR in the present and future. Therefore, barriers to CSR in Dem collective as a SME are financial and human resource constraints.

For opportunities to CSR in Dem collective as a SME, the CEO mentioned three points; (1) liberty when pursuing social responsibility issues further; (2) flexibility in relationship with their stakeholders; (3) possibility of keeping their CSR quality within their standard.

Liberty and possibility can be interpreted as an organizational capability of commitment, and flexibility as a capability for communication in the RBV because it enables the company to be close and response quickly to their stakeholders.

The logistic manager in Saltå Kvarn did not point out current barriers to CSR but suggested human resource constraint comparatively with a large company.

For opportunities to CSR, he referred the contribution to their growth based on the business benefits such as differentiation, placing niche market. Increased employees' satisfaction was stated for the opportunity to CSR as well. These are interpreted to be financial resources in the RBV as the company has grown by focusing social responsibility that is concerning the environment in particular and also their business value simultaneously. However, this result is not because the company is SME but because their industry is the organic food product and facilitates to locate CSR in the center of their business issues.

The logistic manager stated another opportunity, flexibility in stakeholder relationship, which could be considered as a SME-specific one. It is common SME-specific opportunity with Dem collective and is interpreted as a capability for communication in the RBV.

To sum up this section, table 5 shows barriers and opportunities when the case companies as SMEs conducting CSR in the resource-based view of a firm.

Table 5. SME-specific barriers and opportunities to CSR in the RBV

Case company	Barriers	Opportunities
Dem collective	Financial and human resource constraints	Organizational capability (commitment) and capability (communication)
Saltå Kvarn	Human resource constraints	Capability (communication)

5.2.2 Comparison to previous research findings

This section gives a discussion with comparison of the result of the above section with previous research findings.

As previous researches (Carlisle & Faulkner, 2004; Jenkins, 2006; Preuss & Perschke, 2010; Sweeney, 2007; Vive, 2006) show, the case companies have SME-specific barriers of resource constraints in finance and/or human. The CEO in Dem collective pointed that they could give lectures as their way of CSR communication without

financial constraints and could introduce CSR tools (e.g. ISO management system) without human resource constraint. However, the financial constraint in the company is not from short-term attitude toward CSR as Carlisle and Faulkner (2004) argue but from suffering from survival by Sweeney (2007). The logistic manager in Saltå Kvarn suggested comparative human resource constraint with a large company that the company could have a unit and employees that are only undertaking CSR.

This study shows that the case companies have perceived the opportunities such as flexibility in stakeholder relationship, liberty in conducting advanced CSR and possibility of keeping their CSR quality within their standard. This result is in line with Castka et al. (2004) as flexibility is connected with stakeholder satisfaction. In particular, Saltå Kvarn appreciates CSR contributes growing of the company, thus it can be a case that also showing CSR benefits of business improvement and development of competitive advantage suggested by Castka et al. (2004).

However, it is interesting to see the differences with the findings of previous research. The case companies show common contrasting results with previous findings. The case companies have a high perception of CSR and are not alienated from the term, CSR, which is considered inappropriate for a language of SMEs in the contrary of Castka et al. (2004), Jenkins (2006), Robert et al. (2006) and Sweeney (2007). Other differences with previous research findings in Dem collective are that the company has idea and inspiration for CSR contrasting with “lack of knowledge” about CSR in SMEs by Vives (2006). The company is also a contrasting case against the finding of Press and Perschke (2010) who present that overriding influence of the owner-manager is a disadvantage when SMEs approach to CSR. The founders who are also participating in the management influence the company positively as well as lead CSR in the company. Saltå Kvarn quantified the benefit of CSR such as the recent rapid growth by suggesting 30% increased in turnover for five years. It is an opposite case to the finding of Jenkins (2006) displays the barrier of difficulty of measuring and quantifying the benefits of CSR.

However, these contrasting points might be due to their industry and specialty of the

case companies. They are organic product industry and already recognized their effort to social responsibility by being introduced in news articles and winning awards in the related field of CSR. It is needed to be in mind again that Dem collective and Saltå Kvarn do not represent the main part of SMEs but can be good examples of CSR practices in SMEs.

6. Conclusions

This section gives the main conclusions of this study including reflections and implication for SMEs.

6.1 Conclusions for SME-specific opportunities and barriers to CSR

The purpose of this study was to investigate the barriers and/or opportunities for SMEs in CSR in Sweden by looking at CSR perception, CSR communication and activities for social and environmental responsibility.

According to the findings in this study, the case companies perceive social responsibility and their CSR perception is analyzed in the context of the three-domain model of CSR. They are similar with their perception of CSR located not in the legal domain. It means the companies perceive CSR out of obligation but for ethical and economic reasons. Both companies are considered to have proactive stances toward CSR as have an ethical and economic orientation in their CSR activities. Implement CSR in two companies was neither formalized nor integrated into strategic progresses. However, both companies regard CSR as a business value and strategy. CSR communication was two-way in common but attitudes were little different. Overall, analysis on CSR in two companies was overlapping in several aspects with small variances in details.

Based on the findings of CSR in the companies, SME-specific barriers and opportunities was investigated with knowledge and understanding of CSR in the companies. Actually, some barriers and opportunities were alluded in this stage before the respondents were asked to answer what are SME-specific barriers and opportunities to CSR in their company.

The finding regarding SME-specific barriers and opportunities detected financial and human resource constraints as barriers and pointed three opportunities; (1) liberty when pursuing social responsibility issues further; (2) flexibility in relationship with their stakeholders; (3) possibility of keeping their CSR quality within their standard.

Financial resource constraint and flexibility were in common between two companies. Analysis on the findings by the resource-based view interprets opportunities as capacities for commitment and communication.

In the comparison to previous research findings, common opportunities to CSR in the case companies are in line with previous research showing flexibility in stakeholder relationship. However, some barriers such as low perception of CSR, lack of knowledge and overriding influence of the owner-manager, deducted from previous research, were not found and this study shows contrasting results in the aspects. If this is surprising, it may be due to our prejudices that SMEs are usually weak and may have difficulties in many perspectives. This study cannot generalize the results with only two cases but can show that SMEs are not complicated and may need a simple solution to involve them in CSR.

6.2 Reflection of the study

This study started from the question that Swedish SMEs would be different in opportunities and/or barriers to CSR with others due to leading culture in CSR in Swedish society. As SMEs are the most frequent business type in Sweden as well as EU, I thought SMEs would reflect more Swedish CSR than large famous multinational companies in Sweden.

Even though the government is strong to lead CSR, I expected the SME-specific opportunities and/or barriers to CSR would be different with others due to more mature attitude to CSR in Sweden because CSR in this study was defined as voluntary volition following EU's definition and role of government was supposed to be excluded in opportunities.

I was surprised when analyzing Dem collective case to see their main activities related employees in the factory in Sri Lanka is a kind of variation of Swedish CSR model (e.g. Swedish Partnership for Global Responsibility). The company applies CSR standard equally to both the factory in Sri Lanka and the headquarters in Sweden. Despite usual exploitation of human rights and environment in other textile factories, the company

kept working hours, paid salaries based on actual life cost, which was five times higher than others, encouraged the employees to join the union like in Sweden and considered environment. It was what I hoped to see some Swedish context through this study. Dem collective may not be average SMEs but distinct (or excellent) one in CSR to some degree considering their start and visionary activities to CSR. However, the company is in the range of SMEs and showed difficulties like other SMEs in the previous research.

Dem collective showed resource constraints as a SME but also unveiled several opportunities such as liberty, flexibility and possibility in CSR, which are hoped to be applied and informed to other SMEs. In Saltå Kvarn, present barriers were not pointed. However, human resource constraint was addressed in the comparison to a large firm. From this, size of a firm was emerged as an interesting factor. In fact, Dem collective is recently emerged company and micro-small company based on the number of employee in the headquarters in Sweden. If Dem collective grows, the barriers might be in other shapes or decreased because Swedish society has high awareness of social and environmental issues and the companies are close to CSR by nature of their industry.

6.3 Implication for SMEs

This study intended to make two contributions. First, this study provide examples of CSR in Swedish SMEs with an in-depth look in their perception, activities, communication in CSR and finally to suggest inspirations to foster CSR in SMEs. This study suggested two case companies in organic product industry and shows how the companies conduct CSR.

Despite the limitation of this study such as specialty of cases, the result could contribute to share the experiences to overcome for SMEs when implementing CSR, suggested by Robert et al. (2006), by providing cases that SMEs can learn from the CSR practice in the study and demonstrating the link between CSR and competitiveness. By learning how the case companies working with CSR, SMEs could mitigate indirectly experienced human resource constraint one of the barriers in the study.

Some suggestions for future research will be to investigate another industry to contribute to generality of the results as the industry in this study is not ordinary. Also more cases is required in different industries or with medium-sized companies which are not included in this study as there are few empirical studies carried out on this topic.

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Appendix 1. Interview Question

CSR perception

-
1. In general, do you perceive that a company has a responsibility for a social issue?
(like human right, environment, climate change etc.)
-
2. Is this a matter of official discussion in your company?
(e.g., CSR in general or your own company's responsibility) Why/why not?
-
3. Do you perceive your company to be socially responsible?
What aspects of CSR do your company have the most importance (like human right, environment, climate change etc.)?
-
4. How do you define CSR for your company?
-
5. Which type of CSR do you consider to be most important (economic, legal, ethical, and discretionary)?
-

CSR activities

-
6. What kind of activities concerning CSR do you have?
-
7. Due to what reason are you engaged in these types of activities?
-
8. Are your CSR activities targeted at any particular stakeholder?
-
9. In which way are your CSR activities affected by people or groups outside the company?
-

Stakeholder management and integration of CSR

-
10. In relation to the six stakeholder groups (e.g., employees, suppliers, customers, shareholders, environments and community), which of these stakeholders do you consider most important to your firm?
-
11. What kind of tools for social responsibility do you have? (e.g., environment assessment, stakeholder management, and issue management etc).
-
12. Are there specific strategies, programs and reporting procedures for CSR in your company?
-
13. Who are the responsible for issues concerning CSR in your company?
-

(Are there dedicated CSR units or officers in your company?)

14. How do they work actively with CSR issues?

(Do you have any training, incentives, or rewards in place relation to CSR?)

15. Is there a dedicated CSR budget?

Communication of CSR

16. In general, do you communicate your CSR activities today? How?

17. (If Q8 is answered Yes) How do you communicate these specific stakeholder-targeted activities that can be perceived as CSR?

18. Do you have a dialogue with the primary stakeholders or is the communication one-way?

19. Are you satisfied with the way you communicate your CSR activities today or will you put more emphasis on this matter in the future?

20. Do you perceive it to be important to communicate your CSR activities?

Barriers and opportunities of CSR

21. What barriers are you faced with when working with CSR activities? (in general)

22. What do you perceive are the opportunities when working with CSR activities?
(in general)

23. Is CSR somehow different to a large corporation?
If it is, how is it different?

24. Do you perceive that your company's size has given you advantages or caused problems regarding any aspects of CSR? Can you give examples of this?

Appendix 2. CSR activity examples

<i>Environmental</i>
<p>ISO14001</p> <p>Waste minimisation, re-use and recycling schemes</p> <p>Reduction in use of harmful chemicals</p> <p>Reduction in atmospheric emissions</p> <p>Use energy from renewable sources</p> <p>Membership of environmental organisations</p> <p>Investment in new technology</p> <p>Environmental reporting</p> <p>Award winning environmental schemes</p>
<i>Employees</i>
<p>Investors in people</p> <p>Flat management structures</p> <p>Creation of good work-life balance and family friendly employment</p> <p>Employee newsletters</p> <p>Social events for staff</p> <p>Employees sent to developing countries to undertake community projects</p> <p>Award winning training and development programmes for employees</p> <p>Employment of older and disabled people</p> <p>One to one mentoring of employees</p> <p>360_ appraisal schemes</p>
<i>Supply chain/business to business</i>
<p>Open house policy for customers, suppliers and competitors to look around</p> <p>Directors of business associations</p> <p>Seeking to develop long-term partnerships with customers and suppliers</p> <p>Supplier learning schemes</p> <p>Measurement of key performance indicators and feedback to staff, customers and suppliers</p> <p>Winners of industry awards e.g., world class manufacturing or service industry excellence</p> <p>Support and encouragement for suppliers to become more socially responsible</p> <p>Take part in industry best practice programmes</p> <p>Inside U.K. enterprise scheme</p> <p>ISO9001 Quality standard</p>
<i>Community/society</i>

Work with local schools on projects e.g., working with children with learning difficulties

Donate percentage of profits to charity

Supporting local homeless people

Sponsorship of local sports teams

Involvement in awards schemes for young people

Time banks for employees to work in the community

Social auditing

Employ people from the local community

Working on community projects in developing countries

Work experience placements

Award winning community engagement programmes

(Source: Jenkins, 2006, p.248, Table III A portrait of CSR activities in U.K. SMEs)