

Drivers and Brakes for Corporate Responsibility

A Comparison of German and French SME

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Abstract

The experts at the European Multistakeholder Forum on CSR identified in 2004 a number of drivers, obstacles and success factors for SMEs implementing CSR. In the following years a variety of empirical studies was conducted investigating the CSR engagement of SMEs. In this article we present two qualitative studies analysing which drivers and brakes are narrated by German and French SME owners, managers and experts in the field. We compare our results with the outcome of quantitative studies from the two countries. Overall, we found that the conviction of the director is a decisive factor concerning the question whether and how the firm engages in CSR. Financial and time constraints are the most important obstacles. National differences influence to some extent what kind of CSR activities is chosen. SMEs tend to engage in activities which are not yet regulated by the state, but subject to public scrutiny and discussion. We conclude that distinguishing drivers and brakes for CSR engagement at individual, organizational and macro level as a frame of analysis allows to gain useful insights and to develop recommendations for institutions which support SMEs in this endeavour.

Key Words

Corporate social responsibility, CSR, SME, Germany, France, qualitative study

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Introduction

The importance of small and medium-sized enterprises (SMEs) for the economy cannot be underestimated. The European Commission (2008, p. 7) cites Eurostat with the following data: 99.8 percent of all European businesses are SMEs representing 67.1 percent of employment in the private sector. Thus, it is not surprising that governments as well as the European Union (EU) try to encourage responsible business practices not only in large corporations, but also in smaller ones. However, although the notion is widespread that SMEs approach their corporate social responsibility (CSR) differently from larger companies (Spence, 2007), no clear picture of how SMEs engage in CSR has emerged nor do we know for certain the reasons why SMEs go for or refrain from CSR. The European Multistakeholder Forum on CSR (2004) emphasizes that the scale and impact of CSR among SMEs has not been sufficiently investigated despite the fact that SMEs have developed good practices and innovative solutions. It is also observed that “it can be even more dangerous to make generalizations about SMEs than about larger businesses when it comes to motivation, performance, success strategies etc and CSR” (European Multistakeholder Forum on CSR, 2004, p. 6). In order to learn more about how and why SMEs approach CSR a number of empirical studies were conducted between 2006 and 2007 which are compared in this article investigating in particular what drives and what hinders their CSR engagement.

The experts at the round table of the European Multistakeholder Forum on CSR (2004) identify a number of drivers, obstacles and success factors for SMEs to implement CSR. Among the drivers they distinguish on the one hand internal aspects such as people issues,

health and safety and environmental pressures, aspects of branding including the maintenance of a positive reputation and on the other, external pressures resulting for example from legislation. As main obstacles they identify actual and assumed costs of CSR activities, a lack of awareness how CSR can benefit the business, conflicting time and resource pressures, a lack of know-how and know-who and a reluctance to seek external help. They believe that success factors are commitment of the owner, enthusiastic engagement of employees, a staged approach towards CSR to ensure results, the integration of CSR into management and operational practices, networking opportunities and examples of good practice as a guidance. This analysis reflects the aggregated knowledge of representatives of trade unions, associations, chambers of commerce, academia, NGO and supranational organizations which all work both with SMEs and on CSR issues. A quantitative study was commissioned by the European Commission that compared SMEs from France, Germany and Poland and investigated the presence of certain motives for and obstacles to CSR engagement (Gilde, 2007b).

In contrast to the quantitative approach employed by many studies, we conducted two qualitative studies in Germany and in France on the subject using semi-structured interviews. In this article we compare the results from the surveys with the pattern which emerges when managers of SMEs are free to narrate their experiences with CSR and their reasons for or against committing to it. The advantage of conducting semi-structured interviews which encourage narrations in contrast to structured interviews with predefined answers is that experiences and convictions can be documented in their diversity. The respondents are not forced to stick to a certain pattern of answers, but can express their views without restrictions. Their answers were subjected to a content analysis in which we identify, first, what the respondents refer to when they speak about responsible management and sustainability,

second, what kind of CSR activities their companies engage in and, finally, what factors they describe as helping or hindering CSR. For the analysis of the latter aspect we compare drivers and brakes rather than distinguishing drivers, obstacles and success factors as it is done by the European Multistakeholder Forum on CSR (2004). The reason for this simplification is that we are not convinced that we can differentiate with certainty which factors drive CSR engagement and which are essential for its success. For example, an owner who is committed to CSR is one of the success factors named by the experts. However, the commitment of the owner could also be the initial driver for engaging in CSR.

Our argumentation is structured as follows: After a short summary on the literature on SME engagement for CSR, we give an overview of empirical studies conducted on SMEs' CSR engagement in Germany and France summarizing the major results from the surveys. Afterwards we describe our studies in Germany and France and analyse the results regarding understanding of CSR, range of activities and identified drivers and brakes in the context of each country's specifics and compare our results with other studies conducted in the country. Finally, we discuss to what extent our results support or differ from the analysis provided by the European Multistakeholder Forum on CSR (2004) and others, reflect on the practical implications of our results for institutions which support SMEs to engage in CSR activities and evaluate the utility of our framework for analysing drivers and brakes.

Do SMEs engage in CSR in a specific manner?

In the literature on small and medium-sized enterprises (SMEs) it is often assumed that they approach corporate social responsibility (CSR) in different ways and partly for other reasons than large corporations. In her overview on research regarding this issue, Laura S. Spence (2007) distinguishes seven characteristics of SMEs that differentiate them from larger

corporations. First, they tend not to codify their CSR approaches; e.g. they do not have a code of conduct or an ethics officer. Second, they tend to approach CSR because of personal convictions and are less likely to see it as a strategic approach or a public relations tool. Third, in many SMEs the ultimate responsibility lies with the owner-manager. In contrast to managers of shareholder-owned corporations, the owner-manager is not obliged to concentrate on making profit, but is free to decide how to make and spend the money earned by the company. Fourth, SMEs are believed to be more embedded in local communities than larger corporations implying a “moral proximity with community and customers” (Spence, 2007, p. 537). Fifth, SMEs are less likely to focus on low prices for gaining and retaining customers, since they have a disadvantage in terms of scale. Their unique selling proposition is more often defined through flexibility and personal service which leads to a more personal relationship with customers. Sixth, employees tend to be very important stakeholders in SMEs, in particular, in the case of family-run businesses. Finally, SMEs tend to develop CSR approaches that reflect the needs of their immediate environment and that relates to their business activity. The above named characteristics were documented in research conducted mainly in European countries such as Great Britain (e.g. Spence, 2000; Jenkins, 2006), Germany (Spence & Schmidpeter, 2003), the Netherlands (Spence, Jeurissen & Rutherford, 2000), Spain (Murillio & Lozano, 2006) and Italy (Tencati, Perrini & Pogutz, 2004), although not in a consistent manner.

Studies conducted outside of Europe echo at least some of the results. For example, Jamali and Zanhour (2008) document that managers of Lebanese SMEs are strongly motivated by personal (religious) conviction and named customers and employees as their key stakeholders. However, they are less likely to integrate CSR in their business strategy and favour philanthropy over other CSR practices. An emphasis on personal religious convictions and the

welfare of employees was also found in a study covering eight Latin American countries (Vives, 2006). However, the assumption that the major differences can be found between SMEs and larger corporations is not supported in all studies. Russo and Tencati (2009) found more profound differences between the CSR practices of micro firms with less than 10 employees compared to small firms than between small, medium-sized and large firms. Analysing data from 3626 Italian firms, they concluded that the smaller the company is the lower is its degree of formalization of the engagement.

We can conclude that although there are some general differences concerning how and why smaller and larger companies engage in CSR, the diversity found among SMEs makes it not only difficult to describe them in a coherent manner, but might render any uniform description useless, since it can lead to misleading conclusions. Reflecting on this, we have to ask ourselves the question as to whether managers of SMEs operating in different countries and industries might experience similar drivers and brakes for CSR engagement or whether these factors exhibit the same diversity found in the form of and motivation for the engagement.

Engaging in CSR: SMEs in France and Germany

Studying the CSR engagement of SMEs was encouraged by the European Union which led to a number of studies which were mainly conducted between 2006 and 2007. In the following we compare key results from studies done in Germany and France.

Overview on empirical evidence from Germany

As in other European countries, SMEs make an important contribution to the German economy. They represent 99% of the German companies and employ about 71 percent of the working population. Furthermore, SMEs educate about 83 percent of all trainees (Wallau,

2005). Considering that a large part of Germans receive their professional education in the so-called dual system, in which students alternate between company and professional school, the implications of SMEs training the country's professionals cannot be overestimated. A number of studies have been conducted on the extent of CSR activities among German SMEs. For example the German society for social research and statistics forsa conducted a study referring to a random sample of 1000 German managers which shows that one third of the company owners are involved in voluntary local activities (fora, 2005). Furthermore, the size of the community was found to have an influence on the number business engaged in CSR. 80 percent of businesses located in communities with less than 10.000 inhabitants engage in CSR while only 72 percent of companies situated in Germany's cities with more than 500.000 inhabitants declare to do so. A study conducted by the Verein Arbeitsgemeinschaft selbständiger Unternehmer (ASU), an association of entrepreneurs, gives some insights why its members engage in CSR: personal motivation and their company's reputation where the two most important motives cited by entrepreneurs (ASU, 2007).

The two foundations Bertelsmann Stiftung and Stiftung Familienunternehmen conducted a joined study on the so-called "German Mittelstand" comprising family-owned SMEs with more than 250 employees and a turnover of 50 million Euros or more. Like other SME managers, this group was driven by personal motivation and conviction when engaging in CSR; external forces pushing in this direction were not required. The German Mittelstand focuses its engagement on the company and its employees, but also financially supports external projects, preferably in the field of education (Bertelmann Stiftung & Stiftung Familienunternehmen, 2007). A study among 142 SMEs with up to 500 employees in Berlin showed that in 90 percent of the cases the owner or the managing director coordinates and influences the manner and extent of CSR engagement (Bader, Bauernfeind & Giese, 2007).

However, despite their strong engagement in different local activities only 56 percent of the respondents communicate their engagement. Donations and sponsoring of local associations or institutions was the most frequent CSR activity mentioned.

Twice a year the industrial association Bundesverband der Deutschen Industrie e.V. (BDI) produces a survey on the situation of German SMEs. While some core items reflecting the economic situation remain the same each time, other questions vary. In spring 2007, almost 1100 representatives from German SMEs answered questions regarding their firm's CSR engagement (Institut für Mittelstandsforschung, 2007). A majority of 77 percent agreed that companies should voluntarily address ecological and societal issues. Representatives from successful firms expressed this view more frequently (89 percent) than those representing less successful businesses (55 percent). 99 percent of the companies addressed their employees' needs with their current CSR activities, 88 percent addressed societal issues, 64 percent ecological concerns and 56 percent addressed the needs of either their suppliers or clients. Interestingly, representatives of successful companies stressed the importance of economic benefits resulting from their CSR engagement more often; with 49 percent indicating that this is either important or very important. In contrast, only 33 percent of the representatives from less successful companies expressed the same position (Institut für Mittelstandsforschung, 2007).

Consistent with the findings described above, a study conducted among 120 Catholic entrepreneurs working in SMEs or being self-employed asked them to evaluate their stakeholders: importance (Hammann, Habisch & Pechlander, 2009). Employees were found to be the most important stakeholder followed by costumers, society, partners, environment, shareholders, politics, suppliers and competitors in this order. Regarding their evaluation of

the shareholders' importance SMEs differ significantly from responses found among large enterprises where investors are usually named stakeholder number one (Pleon Kohtes Klewes: 2004).

Overview on empirical evidence from France

In France the awareness of the importance of sustainable development has been growing visibly in recent years. As a result both national and local organisations and institutions are increasing their efforts to inform and aid SMEs at a regional level to engage in social and environmental actions. For example the DRIRE, Comité 21, IMS-Entreprendre pour la cité, Orée, ORSE, and the local chambers of commerce are all playing a role in helping SMEs to inform themselves and implement CSR, and numerous local initiatives all over France are being taken to promote social and environmental responsibility in the business communities. Despite the growing interest, only seven empirical studies studying CSR in French SMEs have been published on the subject (ACFCI, 2006; Berger-Douce, 2008; Crocis-CCIP, 2007; Dupuis et al., 2006; Fray & Soparnot, 2007; Simon & Basset, 2007; LAB RII – ULCO, 2007), mostly focussing at a regional level. The French chamber of commerce and a related research centre published two studies focussing on the region around Paris (ACFCI, 2006; Crocis-CCIP, 2007). Both studies pointed out that SMEs tend to approach CSR in a pragmatic manner. A third study focuses on CSR in the social sector such as organisations working with handicapped people (Fray & Soparnot, 2007). The only nation-wide study undertaken focused on environmental actions of SMEs such as environmental protection and energy reduction (Simon & Basset, 2007). A more comprehensive approach was taken by two surveys that were conducted in 2006 using the same questionnaire (Berger-Douce, 2008; Dupuis et al., 2006). One was regional, focussing on companies in Rhône-Alpes (Dupuis et al., 2006) while the second study addressed the 200 most profitable SMEs in France (Berger-Douce, 2008).

Despite these differences, both studies arrived at very similar results indicating that French SMEs might be more homogeneous than assumed when it comes to their CSR practices (see table 1).

Table 1: Comparison of the studies of Dupuis et al. (2006) and Berger-Douce (2008)

	Dupuis et al. (2006)	Berger-Douce (2008)
Methodology		
Sample	214 companies in Rhône-Alpes representing SMEs of different sizes	138 of France's 200 most profitable SMEs
Data collection	Structured interviews per telephone in 2006	Structured interviews per telephone in 2006
Attitude towards and knowledge of CSR (percentage of affirming responses)		
Managers consider CSR in their actions	92 percent	88 percent
Managers know CSR standards	23 percent	23 percent
Managers know organisations promoting CSR	29 percent	28 percent
Reasons for engaging in CSR		
Personal conviction of the owner/CEO	69 percent	61 percent
Anticipation of new legislation	40 percent	30 percent
Reputation	47 percent	21 percent
Pressure from banks	7 percent	11 percent
Cost reduction	31 percent	10 percent
Pressure from civil society	22 percent	1 percent
Differentiation from competitors	22 percent	1 percent
Obstacles for CSR engagement		
Lack of time	56 percent	52 percent
Focus on economic survival	63 percent	21 percent
No advantage expected from CSR engagement	5 percent	11 percent
Not relevant for the firm's activities	15 percent	7 percent
Lack of public support	13 percent	4 percent

Although the majority of respondents of the two studies (Berger-Douce, 2008; Dupuis et al., 2006) claims to consider CSR in its actions, their answers also indicate that few managers are familiar with CSR instruments or with organizations that support CSR initiatives. The two samples showed some differences concerning the major motivations for engaging in CSR. The personal conviction of the company's owner or CEO ranked highest in both studies. Ranked in place two and three – but in changing order – were anticipated changes of laws and regulations and the assumption that CSR activities enhance the firm's public image. Other

reasons were pressure from banks, cost reduction, pressure from civil society and the wish to distinguish the firm from competitors. When asked what factors inhibit their CSR engagement the majority blames a lack of time. However, the less profitable SMEs ranked economic survival as the firm's priority even higher. Other reasons for refraining from CSR activities were that they generated no profits, the lack of relevance for the firm's activities and the lack of public support.

Survey comparing Germany and France

On the account of the European Commission a comparative study was conducted comparing Germany (Gilde, 2007a), France (LAB RII – ULCO, 2007) and Poland (Gilde, Detmold and Incubator of Enterprise, Ruda Slaska, 2007). Reflecting on the analysis of European Multistakeholder Forum on CSR (2004) the questionnaire covered among other points the obstacles that SMEs face when implementing CSR and what the reasons are for implementation. Table 2 summarizes the responses found in the three studies.

Table 2: Comparison of obstacles to and reasons for CSR engagement in France, Germany and Poland; the three most frequently cited obstacles and reasons are highlighted (sources: Gilde, 2007b; LAB RII – ULCO, 2007; Gilde, 2007a; Gilde, Detmold and Incubator of Enterprise, Ruda Slaska, 2007)

	France	Germany	Poland
Sample	81 companies with 50 to 249 employees in Nord Pas Calais	145 companies with up to 500 employees in all parts of Germany	28 companies with up to 500 employees
Data collection	Structured interviews per telephone, December 2006 to February 2007	Online-questionnaire, October-December 2006	Structured interviews per telephone (no date indicated)
Obstacles for CSR engagement			
Lack of human resources	35 percent	65 percent	32 percent
Insufficient know-how about CSR application	49 percent	62 percent	82 percent
Lack of financial resources	43 percent	54 percent	64 percent
Lack of interest from	24 percent	42 percent	46 percent

partners			
Lack of interest from customers	27 percent	42 percent	32 percent
Lack of interest from employees	28 percent	27 percent	61 percent
CSR is not economical profitable	22 Percent	22 Percent	11 Percent
Reasons for introducing CSR			
Reputation	79 percent	86 percent	96 percent
Motivating employees	63 percent	72 percent	93 percent
Recruitment of new employees	33 percent	61 percent	68 percent
Developing the company strategy	61 percent	57 percent	69 percent
Requirements of customers	63 percent	47 percent	68 percent
Diversification	39 percent	47 percent	63 percent
Requirements of civil society	56 percent	43 percent	46 percent
Cost reduction	51 percent	42 percent	57 percent
Political requirements	67 percent	40 percent	39 percent
Requirements of financial backers	28 percent	28 percent	36 percent

The main obstacles faced by companies in all three countries were insufficient financial and human resources as well as a lack of know-how. The wish to improve the firm's reputations was a major driver everywhere as was motivating the employees. However, in France meeting political requirements ranked even higher while this factor had less impact in the other countries. This difference reflects the high importance of France central government in driving and shaping responses to social and environmental problems.

All questions answered?

The studies summarized above already offer a richness of data on why and how SMEs get engaged in CSR. However, being quantitative in nature, there is the possibility that certain aspects have been overlooked when the questionnaires and standardized interview guidelines were designed. In order to gain a broad picture on the question as to what drivers and brakes SMEs encounter when engaging in CSR, two studies employing semi-structured interviews are described in the following. The first was done in Germany's second largest city, Hamburg,

and compares experts' perceptions with the experience of SME managers. The second study was conducted in the region of Brittany, France. Here, the responses of managers who are not (yet) engaged in CSR are compared to those with CSR experience. The concept of CSR was defined widely in both studies. The term itself was not employed, but substituted with a term more commonly used by the target group. Accordingly, German managers were encouraged to talk about societal responsibility (*gesellschaftliche Verantwortung*) and French managers were asked about sustainable development (*développement durable*). In order to assure that we talk about the same issues, the respondents were asked what they understand under the terms. In the following the methodology and results of the two studies are described.

The quest for corporate responsible: SMEs in Hamburg, Germany

Methodology and sampling

Existing literature distinguishes several definitions of SMEs. In Germany, many family owned businesses are larger than the average SME elsewhere (Hauser & Wolter, 2007). Thus, companies with up to 500 employees are often still referred to as SMEs (Günterberg & Wolter, 2002) although the European Commission (2003) draws the line at 250 employees. Following the EU definition, only companies with less than 250 employees and less than 50 million annual turnover (or 43 million annual balance sheet total) were considered in this study. In addition, the criterion of autonomy of SMEs is applied, i.e. none of the interviewed owners holds 25 percent or more of the capital or voting rights in one or more other enterprises nor has any outsider a stake of 25 percent or more of the capital or voting rights in the enterprise (European Commission, 2003).

At the time of data collection, few studies on the attitude of German SME managers towards CSR were published. Thus, the research had exploratory character and a qualitative two-stage

design was chosen (Flick, Kardoff & Steinke, 2007; Bogner & Menz, 2005; Meuser & Nagel 2005). During the first stage of the study, 11 interviews were conducted with experts in the field of CSR and SMEs, i.e. academics, consultants, chambers and labour unions. Reflecting on their responses a semi-structured interview guideline addressing owners of SMEs was developed. An advantage of semi-structured interviews is that the interviewer can make adjustments to the sequence and wording of questions allowing a more natural dialog between interviewer and respondent. Since the same subjects are covered in all interviews, the responses remain comparable. During the second stage of the study, 157 companies were addressed via mail or telephone calls asking for the permission to interview either the owner or a manager of the SME. 23 percent gave a positive responds and 36 semi-structured interviews were carried out. However, three interviews had to be excluded because the firms were not autonomous in the manner defined above. Accordingly, the final sample consists of 33 interviews.

The concept of CSR interpreted by managers of German SME

When asked to describe their responsibility, the owners of SMEs spoke foremost about their responsibility towards their employees. They identify employees as key stakeholders and emphasize the importance of ensuring social security, for example, by securing employment and by offering working conditions allowing a work-life balance (Klein & Vorbohle, 2008). In order to be able to meet the employees' needs, the company owners believe that the economic success of their firm is one of their primary duties as managers. In comparison, environmental issues seemed to be less important to them, presumably because of the already tight environmental regulation in Germany.

The activities SMEs implement as part of their corporate social responsibility reflect the attitude described above. The majority of activities are employee-oriented: The SMEs offer flexible working conditions including working in home-offices or on a part-time basis, training, reduction in working hours to homecare relatives. Consistent with German practices, they avoid lay-offs, for example, by offering employees individual arrangements for early retirement. It is remarkable that some SMEs care not only for their employees, but also for their family members, e.g. by paying for childcare and handing out presents when a wedding or christening takes place. In some cases, company owners engage immensely to ensure the well-being of their employees as the following example shows:

„For some employees, I take responsibility for their financial issues. I make arrangements with their creditors and transfer outstanding amounts immediately from their salary. For some employees I even transfer the payment of rent and pay them in cash.“

When SMEs address the communities they work in, they do so mainly by employing charitable donations as an instrument of social responsibility. According to other studies (Bader et al., 2007; forsa, 2005; European Commission, 2002), the main recipients of SME donations are local institutions and initiatives focusing on education and sports.

Experts view on drivers and breaks of CSR engagement

The 11 interviewed experts name diverse reasons for SMEs to engage in CSR; several of them are economic reasons. The consultant Eckard Voss believes that economic success is the major driver: „Enterprises will only get actively engaged in CSR if they expect concrete profits from their efforts.“ For example, SMEs try to attract clients and potential employees by engaging in the community and earning a positive reputation. This appears to be more important for companies in rural areas than for those in cities where more well-educated

people choose to live and work. The experts believe that a well implemented CSR strategy will have a positive impact on the employees by motivating them in their work, enhancing their loyalty to the enterprise and improving their soft skills. Also financial regulations such as “Basel II” are cited to be an incentive for CSR engagement, since banks are more willing to grant credits to responsible companies which appear to be less risk prone than others. Since SMEs often work as suppliers to or sub-contractors of larger companies (Morsing & Perrinin, 2009), they are in some cases expected to comply with their clients’ social and environmental standards or to get certified by a third party, e.g. with ISO 14001. When standard compliance is enforced by clients, little room is left for developing a creative and innovative CSR strategy reflecting the SME’s culture, history and competencies.

The experts discussed at length how legislation ought to be improved and institutions could contribute towards a more CSR-friendly environment. Regarding legislation, they preferred financial incentives such as tax brakes for active companies over laws defining minimum standards. Incentives, they believed, will lead to SMEs searching for innovative and more adapted solutions than those that will be implemented in reaction to a law. In addition, they feared that legal requirements will lead to more bureaucratic demands on SMEs which will limit their resources for actually implementing CSR activities. In contrast, initiatives towards industrial self-regulation such as voluntary codes of conduct were recommended by some experts.

Regarding institutions, the experts believed that academia, chambers of commerce and chambers of trade as well as the media could contribute towards more CSR engagement among SME by developing strategies that reflect the needs of different SMEs, providing information and communicating best practices. Formal and informal networks, round tables

and other regular meetings addressing CSR were deemed as useful by the experts, since managers will be able to exchange their ideas and experiences freely in such settings. Andreas Rönna from Hamburg's chamber of commerce emphasizes that it is not important where the exchange take place, but that it takes place; pointing out: „What is the golf course to a manager, is the auxiliary fire brigade for the manufacturer.“

The major breaks that SMEs experience to their CSR engagement is, according to the experts, a lack of information on best practice for CSR and methods of implementing them. In addition, managers often do not know how to find a suitable collaborator who will help them getting started. Also a lack of financial and human resource is considered as a major brake. Especially in the early phase, when managers reflect on their SME and its role in society and try to frame a strategy, time and know-how are crucial. If they are lacking, the company might never get involved in CSR. The experts also pointed out that SME representatives tend to misinterpret the German term for CSR (“soziale Unternehmensverantwortung”), since – as in the French language – the German adjective *sozial* is associated with welfare and charity and, thus, does not correspond with the English or sociological use of the term as an equivalent to societal.

Drivers of CSR according to German SME representatives

A variety of drivers was mentioned by the interviewed SME representatives. In order to structure the discussion, we distinguish drivers at the individual, organizational and macro-level.

Drivers at the individual level

The most important driver for CSR was identified at the individual level. The personal conviction of the owner and his/her commitment towards CSR determine the degree of a SME's engagement. The interviewed owners explain their commitment with their educational background and family traditions. Many of them volunteer in civil society organisations. Owners regard themselves as role models for the employees and responsible for upholding the company's reputation, as the following statement exemplifies: „We cannot expect employees to make an effort to do something that my family and I are not willing to do ourselves.” In general, the owners exhibited a very distinct social consciousness which was reflected in the variety of CSR activities they implemented. Notably, they were aware that their companies' and they themselves are part of society and thus responsible for contributing to its welfare.

The owners linked their vision of leadership to CSR. Being a good leader was an important driver to them, since they are aware that their behaviour is an example for their employees and other people. One of them said: “We cannot accept things from others, that we are not willing to do ourselves.” Having a good relationship to their employees was an important goal. In particular, open communication with employees and respectful behaviour towards them were referred to as key determinants of good governance or good leadership. The reasons for this emphasis are manifold and can reach from family tradition to the conviction that happy employees contribute more as the following two statements show:

“My father taught me to take care of every single employee.”

„If we only had employees that did not like working in my company, they would bring less benefit. I am convinced that someone who feels comfortable at work behaves more in the interest of the company than someone else.“

Drivers at the organizational level

Besides encouraging the individual employee's commitment towards the firm by engaging in CSR, improving the working atmosphere and creating a positive corporate culture were other objectives for engaging in CSR. Many of SME owners described the working atmosphere in their firm as "familiar", "harmonious", "motivating" and „happy“. They believe that their very low rates of employee turnover are a result of such a positive working environment and conclude that it is a competitive advantage in terms of recruitment, when they compete for talented employees with larger companies.

Drivers at the macro-level

At the macro-level the respondents referred in particular to the tradition of the "honourable tradesman" ("Ehrbarer Kaufmann") which is prevalent in Hamburg where the study was conducted. Hamburg differs in this aspect from other German cities as it has one of Europe's largest ports and a tradition for international trade dating back to 1189 when it received the status of an Imperial Free City ("Freibrief") and to 1321 when it entered Hanse alliance which dominated the trade in Northern Europe for five centuries (Verg, 2007). As a result, the town was governed by tradesmen rather than by noblemen or clerics. Accordingly, the emerging ideal was related to values which dominate among trades people: being honest, offering fair conditions and conducting handsale, i.e. a transaction is concluded by the handshake. In short, the Hanseatic trades person is supposed to be honourable and reliable and has a tendency towards understatement. In line with the Evangelical-Lutheran tradition of Hamburg, social engagement is not communicated, since the aim of charitable behaviour is not to gain from it, but to fulfil God's will and to praise Him (Melanchthon, 1530). For example, it is not generally known that Hamburg is the town with the largest number of charitable foundations in Germany (Göhring & Suhrke, 2007). As we will see in the following section, this tradition of not speaking about social engagement can also be interpreted as a brake, since a public

exchange of best practices and experiences is hindered by the fact that entrepreneurs are reluctant to speak about their engagement.

Breaks of CSR according to German SME representatives

Breaks at the individual level

Some of the aspects discussed as drivers to CSR engagement are also potential breaks. For example, it is usually the owner of the SME who is in charge of the CSR strategy. Since CSR engagement is considered to be a “personal thing” of the owner and his/her family, CSR activities are frequently not integrated in the general strategy of the SME. Their occurrence appears to be somewhat sporadic and spontaneous. As a result some of the potential advantages of engaging in CSR may not be realized by SMEs.

Breaks at the organizational level

The lack of time and money was mentioned as an important reason why CSR activities are not conducted. Part of the problem might be the important role the owner plays in this field. If she/he is not available a CSR project might come to halt. As a result, the intensity of a SMEs CSR engagement might reflect the owner’s availability for this kind of activities.

In accordance with Hanseatic tradition, the respondents are reluctant to report their CSR activities. The vast majority communicates neither internally to the employees nor externally to clients, suppliers or the general public. Only a few respondents claim to inform their clients and other stakeholders by issuing press releases and on the firm’s homepages. Employees are slightly more often informed about the CSR activities through via staff newsletters or in-house magazines, however, no specific communication tool was implemented that was

designated to CSR. The respondents believed that communicating on CSR would not be honourable, as following statements illustrate:

„We don't communicate our engagement, because we do it out of conviction and not to gain a PR effect.“

“This is not a PR campaign for us, we don't do that.”

Breaks at the macro-level

The majority of the respondents claimed that they felt no pressure to engage in CSR. They saw no need to emphasize the issue of social responsibility in their day-to-day business. However, they strongly criticised that legislation was changing in this area quite frequently imposing more bureaucratic obligation on them. They felt that they spend more time in order to fulfil these obligations than actually implementing social and environmental improvements in their business and developing creative CSR approaches.

Although experts recommended networks for exchanging ideas, best practices and experiences, the study shows that only few respondents participated in such networks. None of the owners or SMEs is a member of any CSR network. However, inter-trade organisations and industry associations were mentioned as a potential platform for networking and information exchange concerning CSR.

Comparison with quantitative studies from Germany

In general, the responses made by managers in our qualitative study match the results found in quantitative studies discussed above. The strong emphasis of the role and conviction of the owner-manager is consistently found in all studies which address this question (ASU, 2007; Bertelsmann Stiftung & Stiftung Familienunternehmen, 2007; Bader, Bauernfeind & Giese,

2007). Another returning motive is the strong focus on employees' needs and motivation when choosing CSR activities (Institut für Mittelstandsforschung, 2007) and a tendency towards philanthropy as a form of engagement (forsa, 2005; Bertelsmann Stiftung & Stiftung Familienunternehmen, 2007; Bader, Bauernfeind & Giese, 2007). In contrast, to the quantitative studies (ASU, 2007; Gilde, 2007a), the wish to enhance the firm's reputation was rarely discussed as a driver during the interviews. The managers appeared to care more about their leadership role towards their employees than about the company's perception by outsiders. The somewhat lower sensibility towards public perception might be explained by the fact that the investigation took place in a large city, reflecting on the findings of forsa (2005) that the prevalence of CSR is lower in larger communities than in smaller ones. Consistent with Gilde's quantitative study (Gilde, 2007a) we found that motivating and recruiting employees was an important motive. The lack of time and money is mentioned in both studies (Gilde, 2007a and ours) as an obstacle to CSR engagement. However, in the interviews the managers did not admit that a lack of know-how is an obstacle, although the results from Gilde (2007a) suggest this.

The quest for sustainability: SMEs in Brittany, France

Methodology and sampling

Brittany is a well developed region with most of its companies working in the services sector (36.3 percent) and in the agro-food industry (27.8 percent) (Chambre Régionale de Commerce et d'Industrie de Bretagne, 2008). Micro-enterprises and small and medium enterprises account for 99 percent of the number of businesses in the region (Chambre Régionale de Commerce et d'Industrie de Bretagne, 2007). For the sampling the data base of a local consulting firm and a local Agrofood network were used. In order to assure that a sufficient number of respondents already had experience with CSR activities, companies who stated

sustainable development policies in their public documents or on their websites were included in the sample in addition to randomly chosen companies. By this, we attempted to include both companies who had a stated sustainable development policy and those who didn't. The result was a convenience sample of five hundred companies ranging in size from 5 to 1000 employees situated in the region of Brittany. An introductory letter was sent by post and the firms were subsequently contacted by telephone. 72 interviews were completed and included in the analysis. Thus, the response rate is 14.4 percent. We assume that sample is biased towards companies who are aware of the issues related to CSR and who implement at least some CSR activities.

Semi-structured interviews were carried out from mid-November to mid-January (2007-08) mostly by telephone, occasionally face-to-face. The interviews lasted from twenty minutes to an hour, depending on how much time the interviewee was willing to give us, and on how much they had to say. Part of the interview guideline was available in two versions: for companies which are engaged in CSR and for companies without CSR experience. 52 respondents said their firm was completely or partially engaged while 20 answered that their firm is not doing CSR. When analyzing the drivers and brakes for CSR engagement, the answers of these two groups will be discussed separately.

The concept of CSR interpreted by managers of French SME

As mentioned before the term used in the interview for representing the subject was sustainable development. The definitions of sustainable development given by the interviewees emerged into two main categories: i) those who included three dimensions, social economic and environmental in their definitions (23 cases) and ii) those who spoke about the environment, either in terms of "leaving the planet in a proper state for our children"

or in terms of physical resources management (32 of them). 9 respondents from these two groups included the idea of long-term survival of the firm and the environment in their definitions. So it appears that as found in some previous studies (Lawrence et al., 2006; Perrini, 2005), many companies seem to be concentrating on the environmental aspects of CSR. This may be because of the emphasis of the environment in the French media when sustainable development is discussed, or it may be that this is the aspect most easily apprehended by SME managers. It may also be, as discussed earlier (Berthoin-Antal & Sobczak, 2007), that the social aspects are not perceived as part of CSR, as they are strongly regulated by the institutional and legal framework in France.

In the minorities there were seven cases who expressed mistrust and some hostility to the term describing it for example as “a marketing ploy”, “used by politicians and greens”, “in fashion”. Three of them separately used the term “tarte à la crème” to describe it, meaning that it looks good but has no substance, or that it is a fuzzy term. Only two interviewees said they did not know the term in a business sense. Although the majority believes that sustainable development is positive in many ways, several interviewees shared a concern that it should not become a simple marketing tool, and that there needs to be evidence of real action taken. As one (convinced) interviewee put it “I don’t trust the ‘fashionable’ aspect” of sustainable development.

Drivers and breaks of CSR according to French respondents from SMEs not engaged in CSR

Among the 72 SME representatives who participated in the study, 20 said that their company does not engage in CSR. However, 10 of them intended to move towards CSR in the future. The reasons why they might or might not make the change, the potential drivers and barriers

are the subject of this section. Table 3 gives an overview on the frequency of drivers and brakes mentioned by the respondents.

Table 3: Perceived potential drivers and brakes of CSR for companies not engaged in CSR.

<i>In order of number of times cited</i>	INTERNAL FACTORS		EXTERNAL FACTORS		TOTAL
	Drivers	Brakes	Drivers	Brakes	
INDIVIDUAL Director (driver and brake) Need for person to implement it Children	7	5	1	0	13
ORGANIZATIONAL - Client/market demand (driver and brake) - Difficulties of organization; Employees (driver and brake) - Financial risk; Knowledge; New markets; Supplier (driver and brake); Competition - Size; Time; Product	5	21	17	3	46
MACRO - Environmental concerns - Societal change; « When we're obliged to » - Legislation; Global competition; Certification	0	0	16	0	16
TOTAL	12	26	34	3	75

At the individual level the individual most referred to in this context was the director. If the director is committed to CSR, the firm is likely to implement it, while a sceptical leader usually has a discouraging influence on enthusiastic employees. As one interviewee put it:

“It depends on the directors... simply because we follow the leader. We are too involved in our daily affairs. The day that our client insists that we implement CSR it will become vital. We will then be acting through necessity instead of it being a proactive, voluntary process. We are at risk of being seriously held back when we actually have all the resources we need to go ahead right now.”

Other drivers at the individual level were a need that was felt to engage in a certain CSR activity and the concern for the welfare of the own children.

Organizational factors, both internal (26) and external (20), featured more frequently than individual or macro factors in the interviews. Usually, internal organizational factors such as financial risk, time, organizational difficulties, size or knowledge are quoted as a brake to a move towards CSR whereas external organizational factors, for example client demand or market opportunities are predominantly seen as potential drivers of CSR. In contrast, macroeconomic issues such as concern for the environment, legislation, global competition, social change were seen exclusively as drivers of CSR. In conclusion, organizational issues came out as the dominant force in the change process, with internal forces broadly being seen as impeding the process and external forces driving it.

One of the brakes discussed in the sustainability literature are that SME managers believe that SMEs have little impact on the environment (Ammenberg and Hjelm, 2003; Simpson et al. 2004; Simon & Basset 2007) and that this is a major reason why companies do not engage in environmental programs. In our study which used open-ended elicitation questions, however, not one of the interviewees mentioned this as a brake. This leads us to tentatively propose that although managers of SMEs recognise that the impact of their activity on the environment is comparatively low, this fact is not perceived as a reason for refraining from CSR.

When we investigate the question, whether companies find it difficult to engage in CSR due to external restrictions or because they are not entirely capable of doing so, we learn that internal factors are much more frequently perceived as brakes to change rather than drivers (26 vs. 12). A lack of financial and human resources is one of the dominant reasons, as one manager put it:

“There are just so many other things to do, it’s a question of managing priorities –putting a quality process, putting in place an international strategy ... CSR is not in our top three priorities in the coming year”.

In contrast, external factors are cited as potential drivers of change much more frequently than as brakes (34 vs. 3). For example client demand was often cited, either as a brake

“If my largest client said, OK now I must have a product with different features, I would have to go that way. But for the moment my clients only ask about the price.”

or as a driver

“Our customers are asking us about [CSR], it’s impossible to answer them, so we’re trying to put something in place”.

In sum, managers emphasize the difficulties of implementing changes in their own firm as a major reason why the company has refrained from CSR so far, although they perceive that their environment would welcome and potentially support such an engagement.

Drivers and breaks of CSR according to French respondents from SMEs engaged in CSR

In the 52 companies with some CSR in place, a look at the distribution of the frequencies showy an interesting pattern: external factors are discussed much more frequently than internal factors (see table 4). Also, they tend to be interpreted as potential drivers of change, since they are mentioned 62 times as having a positive influence and only 23 times as acting as brakes. In contrast, internal factors are quoted as driving and braking CSR activities in about equal proportions (38 vs. 33).

Table 4: Perceived drivers and brakes to implementation of CSR in companies with some CSR engagement

<i>In order of number of times cited</i>	INTERNAL FACTORS		EXTERNAL FACTORS		TOTAL
	+	-	+	-	
INDIVIDUAL Directors' values Family, friends & personal life Employee & Director's will Education (of respondent) Quality auditor Author	23	0	11	0	34
ORGANIZATIONAL Financial Employee related Clients Organization Time Competitvity/differentiation Knowledge,technology, innovation Image Suppliers Shareholder/stakeholders Product New construction Company Values	15	33	18	6	72
MACRO Press/Media/Image Environment Concern for humanity & community Government & Legislation Unclear guidelines Business Network NGO, Global Compact, Industry philosophy Energy Costs			33	17	50
TOTAL	38	33	62	23	156

When we take a closer look at the internal factors cited as driving CSR, we see that they are clearly individual in nature (23 vs. 15). Many interviewees cited the personal values of the director as the spark that really began the process. When internal obstacles or brakes such as employee resistance to change or lack of time were discussed, however, these were all expressed at the organisational level. External organizational forces such as client demand and competitiveness were seen more frequently as positive forces for a move towards CSR (18 vs. 6). Also macro forces were seen mainly as a push factor towards CSR, the protection of the natural environment in particular. However, the media was considered to be a double edged sword: important for positively influencing and informing businesses, but also seen to tarnish

or deform the whole concept of CSR with worries expressed about a “militant” image or “political correctness” taken too far.

Summing up the wide range of answers received, we conclude that although many refer to economic, ecological and social aspects when defining CSR, the protection of the natural environment is dominating the current discussion. When analysing the impulses that lead companies along the path to CSR, and aspects that are holding them up, we find multiple and complex forces influencing the change process in SMEs. The indirect macroeconomic, social and ecological environment is playing a major role in driving CSR, whereas the internal context of the company is often throwing up obstacles to the change.

Comparison of SMEs with and without CSR engagement

From the analysis as to what had triggered the move towards implementation of CSR in the case of the companies who were engaged and the beliefs of what might trigger the introduction of CSR in those companies who were not engaged, a rather complex picture emerges. The fact that personal values and environmental concern are cited relatively more frequently among those companies which are already engaged in CSR, and that organizational factors such as the markets and competition are more prevalently cited for those companies not engaged in CSR gives rise to the intriguing possibility that we imagine that the market will pressure a company into CSR, but what triggers action in reality is often more complex and definitely include the personal values of the director and top management.

Overall it seems that where companies can have an influence, i.e. internally, the strongest driver is at the individual level, and the main obstacles come from organisational difficulties. When it comes to external forces, macro factors, mainly the state of the natural environment

are having a positive influence. It is interesting to note that NGOs were hardly mentioned at all, and legislation was seen equally as a driver and a brake, some managers perceiving French and European law as entirely sufficient (in some cases too restrictive), and others feeling that more legislation was necessary. There was similar disagreement about the role of certification and norms. A few respondents feel that they are useful guides to implementation and others think that they were complex and were going to be too heavy a burden to bear, particularly for smaller companies; as one interviewee stated: “It [sustainable development] is more a state of mind than an ISO certification.”

Comparison with quantitative studies from France

The responses from the managers matched some and contradicted other results found in the quantitative studies conducted in France (Dupuis et al., 2006; Berger-Douce, 2008; LAB RII – ULCO, 2007). Overall we found more similarities with the study conducted among SMEs in Rhône-Alpes (Dupuis et al., 2006) than with the study focussing on France’s 200 most profitable SMEs (Berger-Douce, 2008). This is not surprising, since we sampled all kinds of companies in Brittany among them also less profitable ones. Consistent with the findings of Dupuis et al. (2006) the personal conviction of the owner was emphasised as a motive for CSR alongside with the anticipation of new legislation, cost reduction and the wish to differentiate the firm from competitors. However, several points that were presented by Dupuis and colleagues as reasons for CSR turned out to be also potentially hindering such an engagement: the director might not support CSR, legislation can be an obstacle for some activities and sometimes costumers’ reject more sustainable products or services. The major obstacles mentioned in our study and by Dupuis et al. (2006) were consistently a lack of money and time. Most obstacles discussed by LAB RII – ULCO (2007) were mentioned by our respondents as well. As reasons for CSR both studies mention motivating employees,

requirements by costumers (which we found out to be a driver and a brake), political requirements and diversification. Similar to the interview conducted in Germany the question of doing CSR in order to enhance the company's reputation was less frequently mentioned, although it was found to be the main driver in the study of LAB RII – ULCO (2007). A possible explanation for the difference is that managers do not feel comfortable to discuss this motive despite the fact that it is important, because they do not want to be perceived as employing CSR as a marketing tool.

Discussion of German and French responses

When we compare the responses form the interviews conducted in Germany and France, we find a number of similarities and some differences. In both countries some respondents were sceptical regarding CSR, because they feared that it was too often reduced to a marketing tool. The activities which were implemented to meet the company's responsibility reflected some national specifics. In Germany, the emphasis was on social activities, while in France environmental protection was focussed on. It appears that because CSR is supposed to be voluntary in character (Commission of the European Communities, 2001), activities in areas where national regulation is comparatively weak are more often chosen for implementation. Regarding the main drivers for CSR engagement the importance of the director's personal conviction and support for CSR and the relevance of employees as the firm's key stakeholders were emphasised in both countries (see table 5). This result is consistent with the reasoning of the European Multistakeholder Forum on CSR (2004) and of Spence (2007) as well as with the result found by Jamali and Zanhour (2008) and Vives (2006) outside Europe. Among the brakes the lack of time and money is a returning motive in Germany and France (see table 6).

Table 5: Comparison of main drivers perceived in Germany and France

	Germany	France
Individual level	<ul style="list-style-type: none"> • Personal conviction of director • Leadership/role model • Good relations with employees 	<ul style="list-style-type: none"> • Personal conviction of director • Influence of family, friends • Education of director
Organizational level	<ul style="list-style-type: none"> • Encouraging employee commitment to the firm • Good working atmosphere • Low employee turn-over • Recruitment 	<ul style="list-style-type: none"> • Cost reduction • Motivating and responding to employees • Differentiation/innovation • Response to stakeholder demands (customers, suppliers, shareholders)
Macro level	<ul style="list-style-type: none"> • Ideal of the honest businessman 	<ul style="list-style-type: none"> • Government/legislation • Media reports • Rising energy costs • Business networks and civil society pressure

Table 6: Comparison of main brakes perceived in Germany and France

	Germany	France
Individual level	<ul style="list-style-type: none"> • Sporadic activities • No integration in the firm's strategy 	<ul style="list-style-type: none"> • Personal conviction of director
Organizational level	<ul style="list-style-type: none"> • Lack of financial resources • Lack of time • Lack of internal and external reporting on CSR activities 	<ul style="list-style-type: none"> • Lack of financial resources • Lack of time • Employee resistance
Macro level	<ul style="list-style-type: none"> • No external pressure • Changing legislation • Too much bureaucracy • No participation in networks specialised on CSR 	<ul style="list-style-type: none"> • Government/legislation • Unclear guidelines

When we compare our findings with the reasoning of the European Multistakeholder Forum on CSR (2004) and the overview on both empirical and theoretical research provided by Spence (2007), we receive a rather consistent picture. All the drivers (people issues, environment, positive reputation, legislation) mentioned by the European Multistakeholder Forum on CSR (2004) and most of the obstacles (conflicting time and resources pressures, lack of know-how and know-how, but not a reluctance to seek external help) were mentioned and in the majority emphasised in our interviews. Among the success factors proposed by the Multistakeholder Form we find strong support for the importance of a committed owner, the enthusiastic engagement of employees and some support for the necessity to integrate CSR into management and operational practices. The need for networking opportunities and

examples of good practices was more emphasised by the German experts than by the German and French managers and the idea to implement CSR in a staged approach was never mentioned in our interviews. In a similar manner, our results reflect most of the characteristics that are according to Spence (2007) typical for SMEs engaging in CSR. Only some of our French respondents made some contradicting remarks. A number of French SMEs appear to have a rather strategic approach towards CSR which might be a result of the public discussion of sustainable development after the election of President Nicolas Sarkozy who initiated the so-called *Grenelle de l'Environnement* – a round table process taking place between July and October 2007 in which issues were identified that ought to be addressed politically in order to facilitate sustainable development. Another inconsistency was found regarding the role of costumers. While it is often assumed that costumers are supportive of CSR engagement, some French SMEs experienced them as sceptical and rejecting products which were more environmental friendly.

Summary and conclusion: Driver and brakes of CSR engagement of SMEs

Overall the results from the different studies and the analysis provided by experts reach consistent conclusions, among them the fact that we find a great diversity among SMEs approaching CSR. The approach to identify drivers and brakes for CSR engagement allows reaching useful conclusions. A further distinction of drivers and brakes at the individual, organizational and macro level helps to specify drivers and brakes more in detail and to develop policies and mechanism which support SMEs more efficiently.

Comparing the different empirical studies analysed in this paper following conclusions can be drawn: The convictions of owners' and directors' are crucial for the companies' CSR engagement. If they are not convinced, neither the employees nor any external stakeholder

can pressure an SME to truly engage in CSR. Although important clients are able to dictate compliance on selected issues, in general, the absence of public scrutiny allows SMEs to work in their own fashion. It can be concluded that institutions such as chambers of commerce or industry associations which want to increase the number of responsible SMEs should address the owners and directors directly and convince them of the purpose and feasibility of CSR. The major brakes of engaging in CSR activities which the managers would like to implement, is a lack of time followed by a lack of financial resources. Accordingly, financial incentives such as tax breaks and the promotion of CSR activities which are easy to implement or help to save money are advisable in order to lower the barrier for a first CSR engagement. A variety of other influencing factors was found to be relevant in the different studies, but most of them are only relevant for some SMEs due to the great diversity among them. Further research should concentrate on SMEs working in the same industry rather than focusing on regional samples, in order to identify drivers and brakes as well as solutions that are tailored to the need of specific SMEs.

It would be interesting to compare SMEs from the same industry which work in different countries. The major differences we found comparing German and French SMEs were not the drivers and brakes for the engagement, but the focus of their activities. It appears that – at least in Europe – the national differences influence to some extent how CSR is implemented, but not the question whether it is implemented. Although we found that culture in the form of historical developed ideals such as the honest tradesman influences the way CSR is approached, it appears that the current public discussion and political agenda have the greatest influence on the choice of CSR activities besides personal preferences and specifics of the SME's business and its immediate community. Thus, we would expect that SMEs from the same industry working in different countries share some CSR activities, e.g. are related to

technologies employed in the sector, but differ in some more specific activities or regarding the overall emphasis of their engagement and the way CSR is communicated.

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