

Social Responsibility of SMES: A Systematic Review

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Abstract: This study seeks to establish the state of the art concerning the relation between corporate social responsibility, CSR and small and medium sized enterprises, SMEs. Through a systematic literature review of recent years, this study aims to identify the hypotheses, objectives and methods used in previous research as well as outline the possible research paths for upcoming years. Following the systematic review technique proposed in social sciences, recent studies from the past decade (2008-2018) included in Web of Science (WOS) were analyzed. Subsequently in order to illustrate the concentration of references, an artificial intelligence program was used to construct a reference tree (basis, consolidated topics and latest research trends). This review found methods, objectives and hypotheses that can be used in future studies regarding the relation between CSR and SMEs. It also reveals four pending issues to be explored by the literature: identification of processes and tools used, analysis of the influence of relational and social capital strategies, CSR performance in SMEs in developing countries and strategies of CSR reporting in SMEs.

INTRODUCTION

There is an increasingly evident need, according to the literature, to organize the results in the field of CSR in SMEs^[1-7]. Further, spaces which integrate other domains and disciplines to CSR inquiries, are required^[8]. Literature suggests conducting further studies on CSR in SMEs^[9], due to three main reasons: SMEs have a significant participation in job creation in the economy and therefore, they have an important role in CSR strategies^[10-13]. It is estimated that SMEs contribute to approximately 70% of global pollution^[14]. Likewise, they represent more than 95% of the companies in the private sector^[15]. Furthermore, many large companies were at some point small and therefore what better strategy than learning at

that stage of development? It is hence, important to conduct studies on the relationship between SME and CSR on a larger scale in order to understand the model.

This literature review evidences the need to further study: the management of processes and tools used; the influence of relational capital; CSR performance and knowledge of CSR reporting practices of this group of companies. A slow growth trend in CSR research in SMEs in developing countries was also found^[16]. It is similarly evident that not much is known about CSR in SMEs in numerous geographic contexts^[7, 17].

Very few studies were found, carried out on SMEs, on the influence of government institutions in their CSR decisions, the construction of social and relational capital,

management systems and the tools used by them for the management of CSR, the financial and non-financial performance generated by CSR or the channels for CSR reporting in SMEs. In addition, the literature does not deepen on the loyalty of customers, employees and suppliers for CSR, nor the origin, evolution or impact of CSR over time.

MATERIALS AND METHODS

Starting with the keywords “social responsibility of business” and “sme”, we searched for articles and systematic reviews of the literature from the Web of Science database (WOS) published within the last 10 years (2008-2018). Out of the 720 references found a refinement was carried out using an online artificial intelligence program (Tree of Science), allowing us to focus the review on the 50 main references that affect the roots, stem and leaves of knowledge regarding the topic.

RESULTS AND DISCUSSION

The systematic review of the literature allowed us to establish four interesting topics that are pending to be explored in SMEs:

Determine which are the management systems and tools used by SMEs to manage CSR: Some researchers believe these tools must be practical and adaptable, considering it is important to take into account the human factor during implementation and continuous management. Much more work is required to develop ethical tools that connect new theories with CSR practices in SMEs^[13].

Russo and Perrini found evidence suggesting SMEs do not have management tools or procedures to formalize relational capital (ethical codes, non-financial reports) which could be according to, the researchers, useful for creating value for this business group.

Agencies supporting SME should in the future, develop specific tools for these type of companies, allowing them to learn the best practices in the sector but also to strengthen learning networks between them. It is also highlighted that research on the subject still needs specific studies to reveal industry differences, since, different types of CSR activities are distinguished according to the sector^[18].

Reveal the influence of relational capital and social capital strategies on CSR in SMEs: Literature on the subject reveals that to counteract the resource scarcity, small businesses depend on the social capital they acquire through their inter-organizational support networks; therefore, their ability to build such networks^[19] and their relative power^[20] affect CSR in small businesses and its results.

Given this effect of the level of a company’s inter-organizational support networks on the relation between CSR activities in small businesses and their results; these support networks provide the necessary social capital to obtain competitive advantages through responsible behaviors^[19].

SMEs show a significative reliance on their network of interpersonal relationships which determine how they work and therefore, they should be, especially, interested in investing in social capital. These close relationships help create “security” and mutually supportive relationships with suppliers and even competitors^[21].

In addition, it is evident that these companies do not have management tools or procedures to formalize relational capital (ethical codes, non-financial reports) that could be useful for value creation for them. SMEs are recommended to explore a stakeholder approach to manage relational capital more effectively^[22].

The literature proposes to analyze the relation between CSR and SMEs and study the influence of the business context and stakeholders on these companies CSR principles (family, local community, religious community, community ethics). Questions are raised, such as: what influence do the local community values have on CSR in SMEs? What influence do faith communities have on CSR in SMEs? How do employees influence CSR in SMEs? What other stakeholders have an impact on CSR in SMEs?^[23].

Evaluate CSR performance in SMEs in developing countries: Systematic reviews of literature on CSR in SMEs follow an classification scheme in which predictive, moderating, mediating and outcome variables (internal and external) are identified^[1-5, 7, 17]. This classification allows to synthesize and integrate research and to establish questions to solve for the next years.

It has been proven that SMEs can improve their performance while proactively moving towards CSR initiatives^[24, 25]. Some researchers (for example, Ullmann^[26]) argue that there are so, many intermediate variables between CSR and performance, so as to expect a direct relation between these concepts with the exception of a causal relation^[27]. It has also been recognized that one of the factors that could influence the type of impact that CSR could have on the financial performance of a company is the participation of stakeholders^[27, 28].

Reveal strategies for the CSR reporting by SMEs: SME managers consider CSR to be more of an ethical and moral issue rather than a strategic instrument which makes formal communication to their external stakeholders a particularly challenging issue^[29].

Companies should disclose their corporate and CSR strategy to their stakeholders. An increasingly important existence of ethical codes in SMEs was found. In addition, the existence of an even greater scrutiny of business actions in SMEs was identified; hence, the importance of improving transparency for these organizations. When reviewing the relationship with employees, it was revealed that this is a very important stakeholder for SMEs and that they have implemented a greater participation of them in organizational decisions^[9].

CONCLUSION

The systematic review of the literature eases the work of the researcher, since, the fields to be explored, over a selected period of time and with high-impact works are quickly identified. Likewise, this study recognizes the new tools provided to narrow down the literature search. In this study, four topics to be explored regarding SMEs and the need to explore these issues in diverse cultural contexts were identified.

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