

Drivers that influence enterprises to commit to social responsibility: a study on Dutch small and medium-sized enterprises

Author: Eva Welter
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands

ABSTRACT

The literature on social responsibility suggested that there is a need to get a better understanding of small and medium-sized enterprises' engagement in social responsibility, to support decision makers to identify improvements that are needed. Therefore, this study examines what drives Dutch SMEs to commit to social responsibility that can lead to innovation activities that have social intent. A qualitative multiple-case study research design was used to examine six Dutch small and medium-sized enterprises, where semi-structured interviews were conducted among the six cases to gain in-depth insights. Thereafter, data was analysed with-in and across cases to find similarities and differences. Due to the small sample size of six interviewees, the findings cannot be generalized. The findings indicate that the main reasons for having social responsibility are that it has grown into the company over the years, and that intrinsic motivation is needed. In addition, this study showed that the welfare of employees is a key motivation for social responsibility activities among Dutch SMEs. The literature showed that SMEs could either be driven by value or values. Based on the findings, it seems that in the founding stage SMEs are mostly driven by values, so social responsibility-driven innovation. Whereas in a later stage, it seems that SMEs are driven by value, so innovation-driven social responsibility. Furthermore, the findings suggest that CEOs of Dutch SMEs perceive social responsibility as very important. However, it seems that they may not have the needed knowledge or requirements to implement social responsibility activities effectively. Therefore, SMEs should actively learn about social responsibility and its benefits for their companies. Theoretically, this study offers insights on how future research can examine what drives stakeholders, to give companies a clearer view and even motivation on why they should implement socially responsible activities.

Graduation Committee members:

1st supervisor: Dr. Kjartan Sigurdsson

2nd supervisor: Prof.Dr.Ir. P.C. de Weerd-Nederhof

Keywords: drivers, Dutch SMEs, multiple case study, social innovation, social responsibility, stakeholder theory

1. INTRODUCTION

Over the last few years, research on social responsibility has increased (Jamali & Karam, 2018). The topic has become more important and comprises commitments to social responsibility that can include social and environmental issues (Carroll & Shabana, 2010; Baden et al., 2009) and social innovation (Sigurdsson & Candi, 2019). The combination of social responsibility and innovation is not often explicitly argued in the literature (MacGregor & Fontrodona, 2008). Nevertheless, previous studies did find a positive relationship between social innovation and customer acceptance (Sigurdsson & Candi, 2019; Candi et al., 2018). Additionally, literature states that socially responsible activities are focused on a stakeholder model in order to satisfy their needs (Sigurdsson & Candi, 2019) and to reduce risks associated with them (MacGregor & Fontrodona, 2008). Stakeholders are here defined as “Any group or individual who can affect or is affected by the achievement of a corporation’s purpose.” (Freeman, 2004, p. 229).

Furthermore, attention has been paid to social responsibility engagement of *small and medium-sized enterprises* (SMEs) to ways in which SMEs can be encouraged to engage in social responsibility agenda (Baden et al., 2009). However, there has been scant research about social responsibilities among SMEs in the literature (Spence, 2016). Works on social responsibility are often focused on large firms which is surprising since SMEs are an important part of the economic and social landscape (Spence, 2016; Baden et al., 2009). Nevertheless, recent movements state that social responsibility, how it is understood in large firms, cannot be copied on SMEs since large and small firms are different in nature (Spence & Lozano, 2000; Spence, 2016).

Previous studies indicate that more attention should be on SMEs commitment to engagement in social responsibility, due to the potential impact on the global economy (Morsing & Perrini, 2009; Spence, 2016). The objective of this study is to examine the drivers that influence Dutch SMEs commitment to social responsibility which can lead to innovation activities that have social intent. This leads to the following research question of this study:

“What drives Dutch small and medium-sized enterprises to commit to social responsibility that can lead innovation activities that have social intent?”

This study thus aims to provide insights into the drivers of social responsibility in the Netherlands. It contributes to a deeper understanding of why Dutch SMEs commit to social responsibility that can lead to further emphasis on society through innovation. The research question is answered by examining the literature and conducting a qualitative multiple case study.

This study adds to the existing literature on SMEs, social responsibility, and social innovation, since researchers claim there is a need to understand the SMEs engagement in social responsibility better (Morsing & Perrini, 2009; Spence, 2016). Additionally, the practical relevance could be found in that an improved understanding of current social responsibility engagement of SMEs could support decision makers to identify improvements that are needed (Morsing & Perrini, 2009).

This study is structured as follows: firstly, the concepts of social responsibility, stakeholder theory, and social innovation are reviewed in the literature and definitions used in this study are presented. This is followed by the research methodology part in which the data collection and analysis are described. After that, the findings and results of this study are presented. Lastly, in the discussion part, the conclusion and managerial implications will

be discussed, which addresses the limitations and presents directions for future research.

2. THEORETICAL FRAMEWORK

2.1 Definition and conceptualization of social responsibility

2.1.1 Development of Social Responsibility

The term *corporate social responsibility* (CSR) can be traced back to the period between 1945-1960 (Carroll & Shabana, 2010). Bowen (1953) was the first to formally present a definition where he argued that social responsibility must guide businesses into the future. He pointed out that firms can impact the lives of people, and that they should consider their social consequences (Martínez, Fernández, & Fernández, 2016). During the 1960s, social responsibility was mainly seen as a response to the rising awareness of society regarding human rights and the environment (Agudelo et al., 2019). Davies (1960) then suggested that firms need to sustain the interests of stakeholders (Martínez et al., 2016). However, a definition of social responsibility still lacked until 1979. Carroll (1979) suggested a definition of the concept which has been widely adopted (Agudelo et al., 2019).

Carroll (1979) defined social responsibility as “The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” (p. 500). It was found important that the economic and social objectives were no longer seen as a trade-off, but rather as an essential part of the business framework (Agudelo et al., 2019). In 1991, Carroll presented the ‘Pyramid of Corporate Social Responsibility’ which defines the four main responsibilities of firms as economic, legal, ethical, and philanthropic responsibilities (Carroll, 1991).

Another important contribution to the literature on social responsibility is ‘The Triple Bottom Line’ presented by Elkington in 1994 (Agudelo et al., 2019). This framework balances the firm’s social, environmental, and economic impact (Agudelo et al., 2019). Later, in the study of Carroll (1999) it is stated that the economic system must enhance total socio-economic welfare. Sarkar and Searcy (2016) developed an empirically supported definition, being:

Social responsibility implies that firms must foremost assume their core economic responsibility and voluntarily go beyond legal minimums so that they are ethical in all of their activities and that they take into account the impact of their actions on stakeholders in society, while simultaneously contributing to global sustainability. (p. 1433).

This definition focuses predominantly on the ethical component, which is a recurring part. Kumar et al. (2019) define social responsibility as balancing the ecosystem and economy, to achieve better facilities for society and environmental sustainability. In this definition, social responsibility is seen as an ethical activity, in which society plays a central role. Thus, there has been a general agreement that the scope of social responsibility is to ensure business profitability and benefit society simultaneously (Hopkins, 2003).

2.1.2 Social Responsibility in SMEs

In Europe, 99 out of 100 businesses are SMEs and they employ two-thirds of the labour force (“European Commission”, 2018). It is expected that these numbers will increase in the next few years (“European Commission”, 2018). The Dutch economy relies on SMEs since they account for 64,2% of overall employment and generate 61,8% of overall value added (“European Commission”, 2018). This implies that knowledge

on current social responsibility activities among SMEs has the potential of stimulating the impact on the economy, society, and the SMEs themselves (Morsing & Perrini, 2009). Furthermore, SMEs have an irreplaceable role in local communities (Castka et al., 2004). Thus, attention has been paid to social responsibility engagement of small and medium-sized enterprises in which SMEs can be encouraged to engage in the social responsibility agenda (Baden et al., 2009).

Lozano and Murillo (2006) found that the values of the director influence a determining factor for the implementation of social responsibility activities in SMEs. This is later substantiated by Kechiche and Soparnot (2012), who further imply that SME directors think of social responsibility as more ethical than economic. Furthermore, Spence and Lozano (2000) found that the health and welfare of employees are also a key motivation for social responsibility activities among SMEs.

However, in the annual report on European SMEs, the European Commission (2018) announced that only 49,5% of the SMEs undertook some form of innovation activity. Regarding innovation in SMEs, the notable problems that arise are 'costs of undertaking innovation', 'lack of internal and external funding', 'lack of required skills' and 'complexities and difficulties of accessing public grants and subsidies' ("European Commission", 2018, p. 58). In order to stay engaged in social responsibility activities, through innovation actions (Candi et al., 2018), economic conditions remain important for SMEs (Sen, 2011).

2.1.3 The Benefits of Social Responsibility

In examining the drivers that may influence the commitment to social responsibility, it is essential to know what the benefits of social responsibility are. This will deepen the understanding of why firms engage or should engage in social responsibility actions.

SMEs social responsibility is linked to management efficiency concerns (Santos, 2011) and may be beneficial for SMEs in their approach to integrating social responsibility practices in their activities. Santos (2009, p. 497) examined the benefits deriving from social responsibility activities among SMEs, which are a 'better reputation', 'higher employee motivation', 'raising quality', and 'better productivity'. However, it is assumed that SMEs lack financial resources to address socially responsible challenges (Amaeshi et al., 2016) given their size, and due to market failures ("European Commission", 2018).

Furthermore, social responsibility scandals can reduce the firm's reputation (Koenig & Poncet, 2019). Reversed, commitment to social responsibility can enhance the firm's reputation (Surroca et al., 2010; Esen, 2013) among multiple stakeholders (Esen, 2013) which can lead to customer acceptance through social innovation (Sigurdsson & Candi, 2019). Thus, the reputation is essential for the long-run survival of the firm (Rose & Thomsen, 2004), which implies that management should care about the firm's reputation. This indicates that commitment to social responsibility can provide better facilities, through social innovation, for human beings and environmental sustainability (Kumar et al., 2019).

2.1.4 Stakeholder Theory

Stakeholders are defined by Freeman (2004) as "Any group or individual who can affect or is affected by the achievement of a corporation's purpose." (p. 229). The stakeholder theory argues that a firm needs to consider all stakeholders (Berg et al., 2018). It has become widely accepted that social responsibility activities are focused on a stakeholder model and that firms establish socially responsible agendas to satisfy stakeholder expectations (Sigurdsson & Candi, 2019). Thereby, firms often implement social responsibility activities in order to reduce the risks

associated with stakeholders (MacGregor & Fontrodona, 2008). Morsing and Perrini (2009) argue that stakeholder pressure is a frequent encouragement for SMEs to improve and engage in social responsibility activities. However, the success of the social responsibility actions is based on the relationships with stakeholders (Russo & Perrini, 2010). This is in line with the definition of social responsibility which ensures business profitability and benefits society simultaneously (Hopkins, 2003).

Behaviour that applies to a firm's social responsibility is not only influenced by powerful, inside agents, but also by outside groups (Martínez et al., 2016). Stakeholders can be divided into primary and secondary stakeholders (Clarkson, 1995). The primary stakeholders directly influence the firm and are important for the survival of firms, e.g. employees, customers, suppliers, government (Clarkson, 1995; Helmig et al., 2016). Secondary stakeholders can influence firms indirectly by conveying information, e.g. media, not for profit organizations. They can influence public opinion about the firm which can enhance or destroy a firm's reputation (Clarkson, 1995). Furthermore, Helmig et al. (2016) found that secondary stakeholders influence primary stakeholders to exert pressure to implement social responsibility activities. This implies that secondary stakeholders are also important for the long-term survival of the firm.

2.2 Definition and conceptualization of social innovation

The concept of social innovation is still poorly defined in the literature (Cajaiba-Santana, 2014; Sigurdsson & Candi, 2019). Candi et al. (2018) identified three perspectives on the social aspect of innovation in the literature. Based on Candi et al. (2018) research on the definition of the term social innovation, the following term was introduced: "innovation including social intent" (Candi et al., 2018, p. 1019). The third literature stream mentioned in Candi et al. (2018), aligns the social dimension of innovation with a business ethics perspective. The focus is on creating shared value for all firm stakeholders, which aligns with the ethics perspective on social responsibility as mentioned before.

The literature provides different views on how social responsibility and social innovation are linked. On the one hand, the literature states that social innovation is a mechanism to integrate social responsibility (Herrera, 2015). This is later substantiated by Candi et al., (2018), who argue that according to the business ethics perspective, managers emphasize on value creation for the business and society through their innovation activities. On the other hand, the literature proposes that there is a virtuous circle of social responsibility and innovation (MacGregor & Fontrodona, 2008).

MacGregor and Fontrodona (2008) adapted the existing corporate social responsibility theory into a social innovation model. They expect SMEs may either be driven by value or values, where "Value is more closely linked to 'employees', 'supply chain' and 'customers' categories of corporate social responsibility.", and "Values are linked more to 'community' and 'environment' categories." (MacGregor & Fontrodona, 2008, p. 12). Furthermore, MacGregor and Fontrodona (2008) state that CSR-driven innovation is driven by values and has an end result of products or services that have a social purpose. Innovation-driven CSR is driven by value and the focus is on the socially responsible process. The founding values, CSR-driven innovation, is about 'doing the right things', but if firms aim for added value, innovation-driven CSR, it is about 'doing things right' (MacGregor & Fontrodona, 2008, p.14). MacGregor and Fontrodona (2008) expect that the majority of SMEs will be driven by value. This can be supported by that 'doing things

right' can be linked back to the ethical aspect of the definition of social responsibility. In addition, Korra et al. (2018) suggested that social responsibility activities drive the innovation process.

Combining this literature, most SMEs are formed with a founding value regarding social responsibility. Due to increasing stakeholder demands, it is expected that SMEs will be driven by value. Thus, innovation-driven CSR is supported by Herrera (2015) and Candi et al. (2018). Therefore, in this study, it is expected that there is a virtuous circle of social responsibility and social innovation as shown in Figure 1, but that most SMEs will have an innovation-driven social responsibility and will be driven by value.

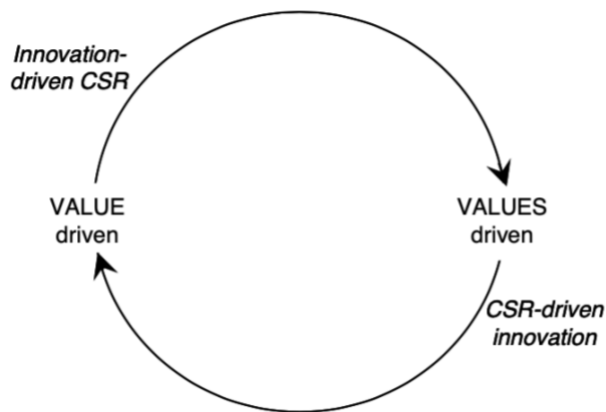


Figure 1. The virtuous circle of CSR and innovation

Reprinted from “Exploring the fit between CSR and innovation” by MacGregor, S. P., & Fontrodona, J., 2008, IESE Business School Working Paper, 759, p. 14. Copyright 2008 by IESE Business School.

3. RESEARCH METHODOLOGY

3.1 Analytical approach

The objective of this thesis is to examine the drivers that influence SMEs commitment to social responsibility that can lead to innovation activities that have social intent. Since the aim of the research is to focus on the participant’s perspectives and views to get a deeper understanding of why they commit to social responsibility, the study is exploratory in nature (Saunders et al., 2003). A qualitative multiple case study was chosen for this study since qualitative research is used when an issue needs to be further explored (Creswell & Poth, 2016; Saunders et al., 2003). Furthermore, the choice for this research method is supported by Lozano and Murillo (2006), who mentioned that qualitative research is most appropriate for a study on drivers of social responsibility. A multiple case study is chosen to provide an in-depth understanding of the cases, since it provides robust and reliable results (Baxter & Jack, 2008). Thereby, multiple case study approach is appropriate for research on Dutch SMEs since it provides the opportunity to analyse individual cases (Creswell & Miller, 2000) and then explore differences within and between cases (Saunders et al., 2003; Yin, 2003). This gives the opportunity of analysing the reasoning behind decision-making and of identifying patterns (Creswell & Miller, 2000). Figure 2 provides the methodology process for this study step-by-step. The steps are explained in the following subchapters.



Figure 2. Methodology process for this study step-by-step

3.2 Case selection and sampling

When selecting cases, data saturation needs to be considered. Guest et al. (2006) noted that with six interviews data saturation may already be reached. According to Stake (2005) it is preferred to select between four and ten cases. In order to answer the research question, this study started with interviewing and analysing six (6) cases, all Dutch SMEs. Based on the findings of Guest et al. (2006), Fusch and Ness (2015) concluded data saturation is probably attained when no new data is revealed, and no new themes will probably arise. Thus, it differs per study when data saturation is reached. In this study, data saturation was reached after six interviews since no new information emerged from the last interviews.

The six cases were selected through convenience sampling: a nonprobability sampling method in which a convenient sample is created by collecting data from relevant, accessible participants (DeCarlo, 2018; Stake, 2005). The criteria for selecting the cases were based on the definition of SMEs created by the European Commission (2015) in which SMEs can be defined as autonomous enterprises with less than 250 employees, an annual turnover of 50 million euros, or less and a balance sheet of 43 million euros or less. The Netherlands Enterprise Agency uses the same criteria when defining SMEs (Netherlands Chamber of Commerce, 2020), which supports using this definition in the current study.

The cases were selected from the ‘KVK innovatie top 100 2019’ (“Netherlands Chamber of Commerce”, 2019) list as the objective of this study is to examine the drivers of Dutch SMEs to commit to social responsibility that can lead to social innovation. The companies listed are chosen based on their ‘realized turnover’, ‘impact on industry and society’, ‘originality’, and ‘growth potential’ (“Netherlands Chamber of Commerce”, 2019, p. Spelregels en Voorwaarden). The Netherlands Chamber of Commerce aims to stimulate growth among SMEs, and therefore, innovation is an important pillar (“Netherlands Chamber of Commerce”, 2019). Out of the top 100 innovative SMEs, 51 randomly chosen SMEs were contacted by e-mail messages. More information on which steps have been taken to obtain the final sample can be found in Table 1 in Appendix II.

3.3 Data collection

3.3.1 Data collection method

To provide an in-depth overview, data collection needed to be extensive and drawing upon multiple sources (Creswell & Poth, 2016). In this study, with-in method triangulation was used since data triangulation is a method to reach data saturation (Fusch & Ness, 2015). The data were triangulated from multiple, qualitative data collection methods (Fusch et al., 2018; Saunders et al., 2003). The most important data collection method consisted of semi-structured in-depth interviews. This interview design covers key items and questions, but the order of the questions can change during the interview (Kajornboon, 2005). These interviews were conducted over a short time period. The interview design can be found in the next subsection. Before the interviews were conducted, one (1) pilot study was carried out. The pilot case study aimed to test if the questions were understandable, to add new questions, and to reformulate questions if needed, to improve the data collection process (Chenail, 2011).

Before the interview took place, the website of the SME was analysed to increase the reliability of this study (Roberts, 1999). The interviews took place via the online communication platform Google Meet, due to measures taken regarding the Covid-19 pandemic. Interviews were recorded and transcribed in Amberscript, an online transcription service provided by the Faculty of Behavioural, Management, and Science lab of the University of Twente. During the interviews, observations noticed by the researcher were written down which were later used during the case analyses. Follow-up e-mails and e-mail communications were used to gain more insights.

3.3.2 Interview Design

The semi-structured in-depth interviews were conducted among owner-managers, managing directors, and Chief Executive Officers (henceforth, CEO) of Dutch SMEs. Those were chosen since they are responsible for making decisions in the firms. Additionally, they know the firm's current situation and information required for economic, social, and environmental development (Muñoz-Pascual et al., 2019). The interview consisted mostly of open-ended questions since the study is exploratory of nature. Open-ended questions give the interviewee the chance to explain their view on the topic or concept. The closed-ended questions were used to set up an open-ended question. Furthermore, the interview questions were adapted from Sen (2011). The interview form can be found in Appendix I.

The interview started with an introduction to the main topics and why this research was conducted. After the introduction, the recording started, with the permission of the interviewees. The interview was divided into five parts. First, general information about the company was gathered. The second part aimed at

gathering information about the interviewee's function and role in the company. The third part aimed to find out how social responsibility is implemented in the company and what drives the company. The fourth part focused on how the company innovates in order to gather information about social innovation. In the final part of the interview, questions were asked to find out which stakeholders were served best. Since the interviews were conducted among Dutch SMEs, the interviews were held in Dutch.

3.3 Data analysis

Once the interviews were conducted, and all data was gathered, the data was analysed. After the transcripts were made, they were sent to the participant of the study. The participant could then check the transcript to improve the confidentiality. After the transcripts were confirmed by the participants, the transcripts were each coded separately. As requested by the majority of the participants, no personal information is provided. Thus, personal data is presented as pseudonymize.

As recommended by Yin (2003) the cases were first analysed separately using within-case coding. After this, cross-coding was used. The interviews were analysed by using qualitative content analysis, in order to find patterns and themes. Content analysis is defined by Hsieh and Shannon (2005) as "A research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns." (Hsieh & Shannon, 2005, p. 1278). With content analysis codes were derived from data, and later sorted into categories (Hsieh & Shannon, 2005). This way of analysing was repeated multiple times so in all cases similar codes were used on the corresponding places. The categories with the related codes can be found in Table 2, Appendix III. Once the within-case analysis was concluded, a cross-case analysis was conducted among the cases to examine themes, similarities, and differences (Yin, 2003).

4. FINDINGS

4.1 Overview of the cases

An overview of the participating companies can be found in Table 3. As can be seen, the interviewed CEOs were all male. The age ranged from 25 up to 62 years, and their directorship ranged between less than 1 up to 12 years.

4.2 Results of individual cases

4.2.1 Company A

This company started as a spin-off from the University of Twente. As the interviewee mentioned, they provide "privacy proof biometrics for a safe and seamless journey". The interviewee started as director of the company in January. He was asked to become a director with the objective to let the company grow.

Table 3. Overview of participating companies.

Company	Product type	Founding year	Employees in 2020	Revenue last year	Director's age	Director's gender	Director since
A	Computer software	2017	11	€400.000,00	62	Male	2020
B	Office supplies	2014	8	€2.200.000,00	25	Male	2014
C	Building materials	2016	3	€130.000,00	29	Male	2016
D	Water technology	2008	22	€4.500.000,00	52	Male	2008
E	Refuse collection	2018	7	€2.500.000,00	34	Male	2018
F	HR tech-company	2016	8	Not disclosed	57	Male	2016

Social responsibility

The interviewee mentioned that the definition of social responsibility could be “very broad” including responsibility for your employees, customers, and investors. Later, in the interview he implies that social responsibility is mainly focused on “sustainability”. Regarding the product they offer, the interviewee said it has a certain social responsibility since it makes daily actions more efficient. The firm acts socially responsible by providing knowledge and products if needed. Furthermore, social responsibility is important, but that the company is too young for socially responsible activities. Therefore, at the moment the focus lies on profitability and business operations. Thereby, the interviewee states that their type of industry is not really focused on ‘sustainability’. Team commitment and a good atmosphere among team members are very important according to the interviewee. He says that: “In a number of cases we will have quite difficult periods, but if you say as a team ‘We go for it!’, then those periods will be easier.”

Social innovation

The term social innovation was new to the interviewee. Nevertheless, he explained social innovation as an innovation that improves social cohesion. For the company to innovate, the idea should be a combination of its profitability and efficiency, to improve the daily lives of people. The company tries to find innovative solutions to problems that exist in the market.

Stakeholders

Customers are really important for the company, even as employees. When looking at the company, the interviewee states that he first looks at how he can help and improve his employees. Not only for the company’s best interest but also for the employees’ wellbeing. However, the interviewee said that training is seen as good for the company. He thinks that companies should always spend a lot of money on training employees since that will pay off.

4.2.2 Company B

The idea of the company was created during a school project of the current owner-directors. They all wanted to do something with entrepreneurship. Now they develop products that tackle paper waste and they plant a tree for every sold product, to combat deforestation.

Social responsibility

The interviewee stated that “As a company, you have a responsibility for your entire supply chain”. He said that they also have an obligation to their customers, since they state as a company to act sustainably: “. . .if you state this, then it’s an obligation to fulfil”. However, he would not recommend a start-up to think of social responsibility actions at the beginning, but “. . .when the moment comes you can make choices, it is a fairly easy choice”. When starting the company, they were aware of the fact that they wanted an idea that could add value to the world and themselves. A bit less conscious when they would do it now, but it was a deciding factor when starting the company. The company’s socially responsible behaviour has grown over the years and financial benefits certainly counted at the beginning. Another perceived benefit is that due to the socially responsible story around the products, they can still convince customers to choose the products they offer. However, he mentioned there is always a kind of tension between commerce and sustainability and sometimes those two cannot go smoothly together.

Social innovation

The interviewee agreed on the statement that they are striving to improve the lives of people and the environment. They do this through products that combat waste in general, concrete paper

waste, and by improving people’s lives through the social workplace that they make use of.

Stakeholders

The customers are major stakeholders of the company. They try to be in touch with them as much as possible. The interviewee stated that “when your staff is in the best form possible, the company benefits the most since the mission and vision of the company are propagated”. He further mentioned: “. . .that would be kind of a good foundation. In that way perhaps the most impact could eventually be achieved.” In the future, they are open to supporting local initiatives, if it fits the mission and vision of the company.

4.2.3 Company C

The company began with a design assignment for a client. When they were finished, they thought that their concept might be interesting for more construction sites. They then started to develop their product into a company.

Social responsibility

The mission of the company, to help people reintegrate into the labour market, developed over the years. Simultaneously, socially responsible actions grew into the company over time, but there has always been a certain drive to “. . .do something socially-focused”. He mentioned that this has never been a really conscious choice: it was more of a gut feeling. Nowadays, they always look at how an action fits within their mission while acting sustainably at the same time: “It is just very strange that a company has to say: we are sustainable. In fact, it should just make sense that every company, and all the choices made, are responsible for the environment.”. The interviewee said that they strongly feel their social responsibility, which is perceived as the choices one makes while being aware of other factors: “less to make as much money as possible, but more to bring something positive”. However, he said that you need a positive earnings model: otherwise one cannot grow or even exist. The interviewee mentioned that the willingness to act socially responsible should be in your core business: “If you really have that motivation, you will be fine. It is not that it takes a lot more money to do it that way. It needs to be well thought through.”.

Social innovation

Not long after the start of the company, they incorporated social actions, by working with people who are at distance from the labour market. Responsibility actions appealed to them since it was not only about putting a product on the market, but also on how to do this in a socially responsible way. The company continuously looks at certain business processes and improves them where needed. They try to look at how a practice or action fits within their mission before implementing it.

Stakeholders

Their clients are important, as are their business partners. However, the interviewee is of the opinion that people who are in the position of determining things and making choices are responsible to make choices there that are not only good for their own profit but also good for their environment. Thereby, he believes that people should not always put it on politicians to solve environmental problems: “Ultimately, we, and especially companies, are the ones that can make the most impact. Both positive and negative.”.

4.2.4 Company D

The company was created out of experiences with previous work. The interviewee started this company because he thought: “All this could be a bit sustainable. More in line with social responsibility and environmental responsibility.”.

Social responsibility

The interviewee thinks that social responsibility is about creating a balance between relations. Thus, all communication needs to be transparent and clear. He sees this as the fundamental basis of social entrepreneurship. The employees need to sign the mission statement to show their willingness to work and act socially responsible. The interviewee states that this way of working is actually succeeding since he has a highly socially motivated team that is really committed to the company and its mission. Furthermore, he believes that their way of working will attract new employees in the future. The interviewee strongly feels socially responsible to his company, society, and environment. Like any other company, they have financial obligations and they strive for profit. However, the interviewee said that the profits and investments need to be equally balanced since he sees that that money always prevails. The interviewee states: "Money always comes first, and I actually started for myself: why does money always play the top role? While we know that sustainability should not always cost more money.". They believe that sustainability and innovation are not always costlier.

Social innovation

The interviewee states that as a company they are trying to link innovations to problems as much as possible. Their mission statement is to make innovative products in the field of water purification, based on generic problems in the market. This comes from the fact that the interviewee feels that if the water would not be brought back in its natural state, so without polluting it, "... we make debt to the earth".

Stakeholders

The interviewee says he does not exploit people but tries to stimulate someone's talent and encourage them to invest in themselves. The interviewee: "I want those people to experience personal growth. If you are experiencing personal growth in your life, that is personal wealth. Nobody can take it from you, nobody at all.". Employees, and their welfare, are of importance to the interviewee, e.g. the company has a vitality policy for their employees. The company also does sponsorships to have a local impact. They chose to sponsor youth top sports since "we are an innovative, young company and ... we want to be able to keep the talents that we have here, and that we give them a chance for a future and growth opportunities". Furthermore, the interviewee is of the opinion that with supporting sports, you have a possibility to create unity in society. Lastly, the main focus is on the employees, then the environment, and lastly on the bigger picture.

4.2.5 Company E

This company contributes to advising cities. The company took over an idea and decided to develop it further, and now, they are producing smart waste solutions.

Social responsibility

Social responsibility is perceived by the interviewee as partly a contribution to economics, and partly to the environment. Regarding socially responsible actions, the interviewee stated that "things come along your way and then you grow into something, because in the beginning you find other things important". Their mission grew with the company and can now be defined as: "We are against litter, reducing litter, reducing CO₂, and reducing costs for cities, we do that through smart waste solutions".

Social innovation

When there is a signalled problem, this could be from any source, the company will examine how they can solve this together. This is not always focused on how they can earn the most money. This

is important to them, but they first look from the viewpoint to solve the problem to contribute to the social structure.

Stakeholders

Customers are of high importance to the company. However, the interviewee mentioned that first you should invest in personnel, because "...otherwise you will not get money". The interviewee: "If you don't invest in your staff, then no money can come in. If no money comes in, you cannot sponsor funds". When the primary stakeholder investments have been established, they focus on secondary stakeholders.

4.2.6 Company F

The company started when they participated in a European Beauty Contest, which they won. The idea of the company was the starting point for the beauty contest. Now, their social motivation is to demonstrate the true potential of secondary vocational education students.

Social responsibility

The interviewee defines social responsibility as "behaving neatly". Furthermore, he feels impact should also be voluminous to determine the effectiveness. According to the interviewee, the business and social sides must act together: "It doesn't matter what you start with, but it must remain balanced. However, you can only have more impact if you have profit". A major barrier experienced by the company is a lack of knowledge from the social sector about what they are doing: "I spend more time explaining to all kinds of people, who have no knowledge of the commercial world, that you can also behave properly if you are a commercial company.". He noticed that very few in the social sector look from a business perspective to their proposition. However, he acknowledges the fact that he also has to learn which social words or concepts to use: "I did not have the knowledge of their world, and they certainly did not have the knowledge of my world". Furthermore, the interviewee mentioned that he feels that when companies say or promise something, they should act on it: "What you write down, you have to do, otherwise you should not write it down".

Social innovation

The company positions itself in the social quadrant since they believe they are doing good with the social aspect of innovation. The perceived benefits are the possibility to: "Attract a different type of people who will work for us. A different kind of investor. And perhaps also attract other types of customers who are sensitive to this.". Nevertheless, it was also a condition to get funding to get started. The interviewee further mentioned that "What we do, we partly do, because we think we're doing good with it".

Stakeholders

When looking at stakeholders, the interviewee feels that he has a responsibility for his employees. Actions that involve encouraging or developing employees is preferred: "Also because that influences the effectiveness and productivity and well-being of the employee, and therefore the company.". Nevertheless, they also sponsor a rugby team: "Because we have a customer who thinks that is very important. For sponsorship, there are simply commercial considerations that you make".

5. ANALYSIS OF FINDINGS

5.1 Summary of the cases

In this chapter, the findings presented in chapter four will be analysed across the cases in order to identify themes, similarities, and differences. Table 4 provides a summary of the key results of social responsibility, social innovation, and stakeholders. The companies are arranged from youngest to oldest. It can be seen that company D was the only company with a formal social

responsibility strategy, and the CEO of company A is the only CEO who is not working for the company right from the start.

Table 4. Summary on the social responsibility, social innovation, and stakeholders of the interviewed participants

Company	E	A	C	F	B	D
Founding year	2018	2017	2016	2016	2014	2008
Director since start	Yes	No	Yes	Yes	Yes	Yes
Directors age	34	62	29	57	25	52
Formal CSR strategy	No	No	No	No	No	Yes
Employees	7	11	3	8	8	22
Social responsibility						
Importance of SR:						
Very important	x	x	x	x	x	x
Reasons for (not) having SR:						
Gut feeling			x		x	
Conscious choice		x		x		x
Grown into the company	x		x		x	
Requirements for SR:						
Time, you grow in it	x	x	x		x	
Money		x		x	x	
Intrinsic motivation			x	x	x	x
Work field focused on sustainability		x				
Barriers for SR:						
There is no barrier	x		x			x
Too young		x			x	
Money		x		x	x	
Knowledge gap				x	x	x
Perceived benefits of SR:						
Enhanced employee welfare	x	x		x	x	x
Attracting (future) employees				x		x
Attracting customers			x	x	x	
Attracting investors		x		x		
Satisfied feeling	x		x		x	x
Social innovation						
Company strives to improve the lives people and the environment	x	x	x	x	x	x
Stakeholders						
SR activities for:						
Employees		x	x		x	x
Customers	x	x		x	x	
Environment	x		x		x	x
Investors		x		x		

5.2 Social responsibility across the cases

5.2.1 Importance and definition of social responsibility

Respondents were asked how they perceive social responsibility. They all answered differently. The CEOs of companies A, B, and D were talking about different stakeholders and balancing relationships with them. The managers of company C and F mentioned that for them social responsibility is about “behaving neatly” and making “conscious choices”. The CEO of company E was the only one who mentioned contributing to the economy and the environment. Nevertheless, all the managers of the companies perceived social responsibility as very important, but their motivation differed since they all perceived social responsibility differently.

5.2.2 Reasons for social responsibility

The reasons for (not) having socially responsible activities in the company differed. Two (B and C) out of the six companies mentioned they implemented socially responsible activities

because of a **gut feeling**. Nevertheless, the same two companies, B and C, stated that social responsibility has **grown in their company** over the years: “When the moment comes you can make choices, it is a fairly easy choice” (B), and “things come along your way and then you grow into something, because in the beginning you find other things important” (E). Company B further mentioned that socially responsible activities also keep growing into the company since customers expect more and more of them: “We received messages from customers like ‘Hey dude, there is a dirty diesel van in front of my house that delivers your beautiful sustainable product’.” Similarly: “. . .you just have to listen very carefully to customers” (C). It seems that it has also grown in companies B and C by initiatives of stakeholders.

Three (A, D, F) out of the six companies said they made a **conscious choice** whether they would implement social responsibility. Company D did this out of its own considerations, whereby for company F it was a combination of willingness and funding requirements of stakeholders. Company A said that they do not have any social responsibility activities yet since they are “too young”. More importantly, companies (B, C, E) where social responsibility grew into their business operations, now could not see their business without socially responsible activities. Furthermore, companies B, C, D, E, and F would like to expand their social responsibility if they have the opportunity. Company A sees it as a future option to implement socially responsible activities.

5.2.3 Requirements for social responsibility

As mentioned earlier, most companies perceive **time** as needed for social responsibility, since they stated that social responsibility activities grew into the company (B, C, E), or need to grow into the company (A). All the respondents stated that it is needed to make a profit, otherwise, you cannot exist, but three (A, B, and F) of the six case firms said that **money** is a requirement for socially responsible activities. Company A stated that money would be needed for socially responsible activities since first investments in other business aspects need to be made. Company B chose for socially responsible activities since they were financially appealing, and company F had to engage in socially responsible activities to get funding since they are partly funded with subsidies. Thus, companies B and F had financial advantages. When company C had the opportunity to choose between two options: “. . . a technical, expensive, and vulnerable irrigation system or the possibility to let people with a distance to the labour market do it”, they also chose the financially attractive one. Four (B, C, D, and F) out of the six companies stated that the main condition is **intrinsic motivation**. Companies C and D said that socially responsible activities do “not always have to cost more money”, but that it has to be “a core value in your company.”. Company B and F answered that intrinsic motivation and money are both needed for social responsibility. The owner of company F said: “You can create more impact if you make more profit.”, and the owner of company B said: “It’s our responsibility whether we choose path A or B.”.

5.2.4 Barriers for social responsibility

Companies A, B, and F perceive **money** as needed for social responsibility, and also as a barrier for implementing social responsibility. Companies C, D, and E perceive no barrier to social responsibility. As mentioned before, it has to be “a core value in your company.”. Previously mentioned, the manager of company A perceives being **too young** as a barrier. Company D mentioned that there is no barrier but does acknowledge a knowledge gap. The **knowledge gap** is perceived as a barrier by companies B, D and F. As the owner of company F said: “Very few in the social sector look from a business perspective to their

proposition.”, and company B said: “There is always a kind of tension between commerce and sustainability and that sometimes those two cannot go easily together.”. The CEO of company D adds that “We see that money always comes first while we know that sustainability should not always cost more money.”. Furthermore, those companies mention there is a difference between being socially responsible and pretending to be socially responsible.

5.2.5 Perceived benefits of social responsibility

The major benefit perceived is **enhanced employee welfare**. Five (A, B, D, E, F) out of six companies mentioned the benefits of improved employee welfare on the company. The CEO of company C is the only one who did not mention this since they outsource most of the work to a producing spot where people with a distance to the labour market can work. However, company C perceives those people as their employees, and the mission of the company is to reintegrate those people on the labour market. Thus, employee welfare is also important for company C. The second benefit perceived is a **satisfied feeling**. The CEO of company B said, “it is cool to contribute to making an impact this way”, and the CEO of company C mentioned that “it is more fun to work on a product that makes people happier”. For company D and E, it is the tone of voice in combination with statements like “together we must ensure that we get a better world”, and “we want to play our part”, which indicates a satisfying feeling due to the implementation of social responsibility. The third perceived benefit is **attracting customers**. The CEOs of companies B, C, and F mention that with the social responsibility story around the product they attract new customers. Interestingly, company B states their social responsibility activities on the homepage of their website, and the websites of companies C and F mentions that they are a Social Enterprise. Whereas company A does not mention social responsibility on their website, and on the website of companies D and E it is harder to find some information on social responsibility. Lastly, the mentioned perceived benefits are, **attracting (future) employees** and **attracting investors**.

5.3 Social innovation across the cases

Companies B, C, and E started their companies with a business idea to improve the environment. Later the socially responsible activities grew into the company which led to innovations with a social intent. Company D started with the idea of acting in a socially responsible way, and along came innovations that had a social intent. Company F started with an innovative idea that had a social intent, and because of funding requirements they had socially responsible practices from the start. Whereas company A started with an idea that has a social intent but does not yet have socially responsible activities. The mission of all the companies changes and develops over time. The companies stated that during this process they look at their business operations and processes what needs improvements. All companies mentioned that adjusting the mission is performed with the whole team, since “It is important to create the mission with the team, so everybody has the same feeling.” (E), but that CEOs make the final decision. Furthermore, the CEOs of all companies agreed that they are striving to improve the lives of people and the environment. Company B, C, D, and E argued that products need to have a bit of efficiency, to make everyday life easier, which is in favour of the statement. However, they mention that there needs to be a demand for the product. Thereby the CEO of company A mentioned that ‘improving the lives of people and the environment’ is something that is discussed at the same time, but that their focus lies on producing the product first.

5.4 Stakeholders across the cases

To examine which stakeholders would be served first (primary or secondary), the CEOs were asked to rank four propositions from most likely they would implement them, to most unlikely. Two propositions were focused on enhancing employee welfare, and two propositions were focused on supporting charities. Four (A, C, D, E) out of six companies ranked the propositions regarding employee welfare, primary stakeholders, highest. Furthermore, five (A, B, D, E, F) out of six companies mentioned the importance of the welfare of employees and its benefits for the company when explaining why they chose their ranking order. It differed per company how they approached the ranking question. Companies A, D, and E said they would first look at their company how they can improve their employees. Company B and F looked at what they thought was the responsibility of the employer. Lastly, company C looked at which propositions fitted best with their mission statement.

Furthermore, all companies implied that when primary stakeholders’ investments have been established, they start focusing on secondary stakeholders. Nevertheless, companies B, C, D, and F mentioned they are, trying, to create local impact by sponsoring sports, and producing locally. The motivations for these activities differ from “financial reasons” (B and C), to “we have a client who thinks this is important” (F), and “to try to keep our talent in the area” (D).

6. DISCUSSION

6.1 Conclusion

6.1.1 Theoretical implications

The theoretical contribution of this study, as presented in the *Introduction*, was the need to get a better understanding of SMEs engagement in social responsibility and whether social responsibility can lead to social innovation. Hence, the research question that was introduced: “*What drives Dutch small and medium-sized enterprises to commit to social responsibility that can lead innovation activities that have social intent?*”.

First, existing literature indicates that SME directors think of social responsibility as more ethical than economic (Kechiche and Soparnot, 2012). This study revealed that SME directors lack a clear understanding of the concept of social responsibility. Indeed, their explanations were more ethical in nature. More focused on stakeholders and relationships among them and about behaviour. Only one company mentioned the economic aspect of social responsibility. However, three companies mention experiencing a barrier regarding social concepts, named as the knowledge gap. Those three companies feel that the ‘business-oriented’ and the more ‘socially-focused’ perceive their proposition differently.

The outcomes of this study indicate that firms have several drivers for implementing social responsibility activities. The literature study showed that the values of the director influence a determining factor for the implementation of social responsibility activities in SMEs (Lozano and Murillo, 2006). This study showed that the main reasons for having social responsibility is that it has grown into the company over the years, and that intrinsic motivation is needed. Most company’s social responsibility was not on the agenda when the company started. However, when the company had the chance to make conscious choices, they chose the socially responsible option, mostly based on the gut feeling or, indeed, the values and principles of the owner-directors. Which resulted in a satisfied feeling for most of the interviewees. Additionally, the choices regarding social responsibility activities and social innovations are also based on the mission and objective of the companies. These are created and adjusted with the whole team, but CEOs have to make the final decision. Thus, it seems that employees influence the

choices regarding social responsibility activities and social innovations.

Furthermore, it was found in the literature that the health and welfare of employees is also a key motivation for social responsibility activities among SMEs (Spence & Lozano, 2000). The interviewees were asked to rank the propositions, and primary stakeholders did come out as more important. When they further elaborated on their ranking order, it became clear that most of the companies perceive their employee's welfare as essential. Thereby, all CEOs mentioned the benefits of improved employee welfare on the company.

As shown in Figure 1, it was expected that there is a virtuous circle of social responsibility and social innovation, but that it was expected that SMEs will be driven by value. The findings of this study indicate that most companies started their business based on a founding value, namely, to contribute to improving the environment. These companies' mission develops over the years. When the companies were able to make decisions about whether or not to implement social responsibility activities, they mostly chose socially responsible options to aim for added value. Furthermore, it can be seen that Dutch SMEs aim for value to comply with the demand of their stakeholders, mainly the primary stakeholders, and are striving to improve the lives of people and the environment.

In conclusion, it seems that in the founding stage SMEs are mostly driven by values, so social responsibility-driven innovation. Whereas in a later stage, it seems that SMEs are driven by value, so innovation-driven social responsibility.

6.1.2 Managerial implications

As presented in the *Introduction* of this study, the practical relevance could be found in that a better understanding of what drives SMEs to commit to social responsibility, would support decision makers to identify improvements that are needed (Morsing & Perrini, 2009). Therefore, this subsection provides managers with some suggestions.

The research findings indicate that managers of Dutch SMEs perceive social responsibility as very important. However, they may not have the needed knowledge or requirements to implement social responsibility activities effectively. A clear definition of social responsibility and the knowledge of its potential benefits for the company might improve this. Consequently, CEOs of SMEs need to actively learn about this, since stakeholders, primary and secondary, are main drivers of social responsibility. SMEs are advised to define their stakeholders and communicate, and discuss their mission, vision, and practices with them. Additionally, the knowledge gap perceived by the interviewees might be narrowed when having more knowledge and knowing more terminology on this topic. This could be achieved when CEOs of companies discuss these topics with each other, and with experts from the more social field. So, they might learn from each other how to do things right.

6.2 Limitations and directions for future research

This research is subject to several limitations. In combination with the findings of this study some opportunities for future research will be addressed. Firstly, for this study a qualitative multiple-case study was used. This research design is highly time-consuming and due to the limited period of time, only six interviews were conducted. Generalizability is not an expected attribute from qualitative research since a specific issue is examined and not the whole population. However, drawing conclusions from this small number of cases can lead to biased conclusions. Thereby, the interviewed companies were all relatively young, and they have relatively few employees. Future

research is advised to use larger sample sizes to encounter these limitations.

Secondly, this study is subject to bias. The issue of self-reporting bias (Fusch et al., 2018) is a limitation in this study. Especially if interviewees gave socially desirable answers or if they did not understand a term used in this study. In order to reduce the chance of socially desirable answers, respondents were given the chance to remain anonymous. In addition, if an interviewee did not understand a term, he was given an explanation. Furthermore, only one person from each company was interviewed. The interviewee's mood could bias the given answers. Further research might consider interviewing multiple managers of SMEs to overcome this. Another occurring bias in this study is interpretation bias in the coding process. To overcome this limitation, future research is advised to analyse data with more, experienced, researchers. Furthermore, during this study, the interviews were conducted via Google Meet due to measures taken regarding the Covid-19 pandemic. All the interviews were via a video call, but it still removes a dimension when compared to face-to-face interviews. This might have an influence on the outcomes of this paper since non-verbal communication plays an important role when interpreting given answers during the coding process. Future research could consider doing the interviews face-to-face to reduce the chance of encountering this limitation.

Thirdly, this study contributed to getting a better understanding of SMEs engagement in social responsibility. However, the study was conducted among Dutch SMEs and all interviewees were men. It might be interesting for future research to examine the drivers of SMEs to commit to social responsibility in firms all over Europe or even the world. Broader coverage could reveal other drivers and different mindsets, which leads to a better understanding of SME behaviour. Thereby, it might be interesting to know how women perceive this. In addition, the cases were selected from the 'KVK *innovatie top 100 2019*' ('Netherlands Chamber of Commerce', 2019), which implies that these companies are innovative in nature. Future research is needed to further examine the combination of social responsibility and social innovation among SMEs in general.

Finally, another direction for future research is the previously mentioned knowledge gap that emerged during this study. Future research could examine how these core concepts are used on both the business and social sides and create a guideline for business managers. Thereby, this research showed that (primary) stakeholders are drivers of firms to commit to social responsibility. It might be interesting to see what drives stakeholders, to give companies a clearer view and even motivation on why they should implement socially responsible activities.

7. ACKNOWLEDGEMENTS

This thesis would not have been possible without the guidance of my first supervisor, Kjartan Sigurdsson. I would like to thank you for all your help, feedback, suggestions, and motivational pep talks. You inspired and calmed me throughout the period of writing this thesis. It was a pleasure having you as my supervisor. Furthermore, I would like to thank my second supervisor, Petra de Weerd-Nederhof for the help, feedback, and clear communication of deadlines. Additionally, my sincere thanks to the six interviewees of the companies who participated in this study. Without you, this thesis would not have been where it is now. It was a pleasure talking to you all. Lastly, I would like to thank my friends and family for supporting me throughout the period of writing this thesis. Especially, many thanks to Jeanique Wegdam for the sparring moments, extensive feedback, and motivational words. I feel that we learned a lot from each other.

8. REFERENCES

- Agudelo, M. A. L., Jóhannsdóttir, L., & Davídsdóttir, B. (2019). A literature review of the history and evolution of corporate social responsibility. *International Journal of Corporate Social Responsibility*, 4(1), 1. <https://doi.org/10.1186/s40991-018-0039-y>
- Amaeshi, K., Adegbite, E., Ogbecchie, C., Idemudia, U., Kan, K., Issa, M., & Anakwue, O. (2016). Corporate Social Responsibility in SMEs: A Shift from Philanthropy to Institutional Works? *Journal of Business Ethics*, 138(2), 385-400. <http://dx.doi.org/10.1007/s10551-015-2633-1>
- Baden, D. A., Harwood, I. A., & Woodward, D. G. (2009). The effect of buyer pressure on suppliers in SMEs to demonstrate CSR practices: an added incentive or counter productive?. *European Management Journal*, 27(6), 429-441. <https://doi.org/10.1016/j.emj.2008.10.004>
- Baxter, P., & Jack, S. (2008). Qualitative case study methodology: Study design and implementation for novice researchers. *The qualitative report*, 13(4), 544-559. <http://www.nova.edu/ssss/QR/QR13-4/baxter.pdf>
- Berg, N., Holtbrügge, D., Egri, C. P., Furrer, O., Sinding, K., & Dögl, C. (2018). Stakeholder pressures, CSR practices, and business outcomes in Denmark, Germany and the Netherlands. *European Journal of International Management*, 12(4), 472-500. <http://dx.doi.org/10.1504/EJIM.2018.092846>
- Bowen, H. (2013). *Social responsibilities of the businessman*. University of Iowa Press.
- Cajaiba-Santana, G. (2014). Social innovation: Moving the field forward. A conceptual framework. *Technological Forecasting and Social Change*, 82, 42-51. <https://doi.org/10.1016/j.techfore.2013.05.008>
- Candi, M., Melia, M., Colurcio, M. (2019). Two Birds with One Stone: The Quest for Addressing Both Business Goals and Social Needs with Innovation. *Journal of Business Ethics*, 160(4), 1019-1033. <https://doi.org/10.1007/s10551-018-3853-y>
- Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of management review*, 4 (4), 497-505. <http://www.jstor.com/stable/257850>
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business horizons*, 34(4), 39-48.
- Carroll, A. B. (1999). Corporate social responsibility: Evolution of a definitional construct. *Business and Society*, 38(3), 268-295.
- Carroll, A. B., & Shabana, K. M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International journal of management reviews*, 12(1), 85-105. <https://dx.doi.org/10.1111/j.1468-2370.2009.00275.x>
- Castka, P., Balzarova, M. A., Bamber, C. J., & Sharp, J. M. (2004). How can SMEs effectively implement the CSR agenda? A UK case study perspective. *Corporate Social Responsibility and Environmental Management*, 11(3), 140-149. <http://dx.doi.org/10.1002/csr.062>
- Clarkson, M. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of management review*, 20(1), 92-117. <http://www.jstor.com/stable/258888>
- Creswell, J. W., & Miller, D. L. (2000). Determining validity in qualitative inquiry. *Theory into practice*, 39(3), 124-130. https://doi.org/10.1207/s15430421tip3903_2
- Creswell, J. W., & Poth, C. N. (2016). *Qualitative inquiry and research design: Choosing among five approaches*. Sage publications.
- DeCarlo, M. (2018). *Scientific Inquiry in Social Work*.
- Elkington, J. (1998). Partnerships from cannibals with forks: The triple bottom line of 21st-century business. *Environmental quality management*, 8(1), 37-51.
- Esen, E. (2013). The Influence of Corporate Social Responsibility (CSR) Activities on Building Corporate Reputation. In G.-p. Maria Alejandra & L. Liam (Eds.), *International Business, Sustainability and Corporate Social Responsibility* (Vol. 11, pp. 133-150): Emerald Group Publishing Limited. [https://doi.org/10.1108/S2051-5030\(2013\)0000011010](https://doi.org/10.1108/S2051-5030(2013)0000011010)
- European Commission. (2015). The Revised User Guide to the SME definition. Retrieved from https://ec.europa.eu/growth/content/revised-user-guide-sme-definition-2015_en
- European Commission. (2018). Annual Report on European SMEs 2018/2019. Research & Development and Innovation by SMEs. Retrieved from <https://op.europa.eu/en/publication-detail/-/publication/cadb8188-35b4-11ea-ba6e-01aa75ed71a1/language-en>
- European Commission. (2018). Small Business Act for Europe Fact Sheet – the Netherlands. Retrieved from <https://ec.europa.eu/docsroom/documents/32581/attachments/21/translations/en/renditions/native>
- Freeman, R. E. (2004). The stakeholder approach revisited. *Zeitschrift für Wirtschafts-und Unternehmensethik*, 5(3), 228-254.
- Fusch, P. I., Fusch, G. E., & Ness, L. R. (2018). Denzin's paradigm shift: Revisiting triangulation in qualitative research. *Journal of Social Change*, 10(1), 2. <http://doi.org/10.5590/JOSC.2018.10.1.02>
- Fusch, P. I., & Ness, L. R. (2015). Are we there yet? Data saturation in qualitative research. *The qualitative report*, 20(9), 1408. <http://www.nova.edu/ssss/QR/QR20/9/fusch1.pdf>
- Guest, G., Bunce, A., & Johnson, L. (2006). How many interviews are enough? An experiment with data saturation and variability. *Field methods*, 18(1), 59-82. <http://dx.doi.org/10.1177/1525822X05279903>
- Hansen, E. G., Grosse-Dunker, F., & Reichwald, R. (2009). Sustainability innovation cube—a framework to evaluate sustainability-oriented innovations. *International Journal of Innovation Management*, 13(04), 683-713.
- Helmig, B., Spraul, K., & Ingenhoff, D. (2016). Under positive pressure: How stakeholder pressure affects corporate social responsibility implementation. *Business & Society*, 55(2), 151-187. <http://dx.doi.org/10.1177/0007650313477841>
- Herrera, M. E. B. (2015). Creating competitive advantage by institutionalizing corporate social innovation. *Journal of Business Research*, 68(7), 1468-1474. <https://doi.org/10.1016/j.jbusres.2015.01.036>
- Hopkins, M. (2012). *The planetary bargain: Corporate social responsibility matters*. Routledge.
- Hsieh, H. F., & Shannon, S. E. (2005). Three

- approaches to qualitative content analysis. *Qualitative health research*, 15(9), 1277-1288. <http://dx.doi.org/10.1177/1049732305276687>
- Jamali, D., & Karam, C. (2018). Corporate social responsibility in developing countries as an emerging field of study. *International Journal of Management Reviews*, 20(1), 32-61. <http://dx.doi.org/10.1111/ijmr.12112>
- Kajornboon, A. B. (2005). Using interviews as research instruments. *E-journal for Research Teachers*, 2(1), 1-9.
- Kechiche, A., & Soparnot, R. (2012). CSR within SMEs: Literature review. *International Business Research*, 5(7), 97. <http://dx.doi.org/10.5539/ibr.v5n7p97>
- Koenig, P., & Poncet, S. (2019). Social responsibility scandals and trade. *World Development*, 124, 104640. <https://doi.org/10.1016/j.worlddev.2019.104640>
- Korra, E., Giotopoulos, I., & Tsakanikas, A. (2018). CSR Practices and SME Innovativeness in Greece', *Entrepreneurship and the Sustainable Development Goals (Contemporary Issues in Entrepreneurship Research, Volume 8)*. <https://doi.org/10.1108/S2040-72462018000008012>
- Kumar, A., Moktadir, A., Liman, Z.R., Gunasekaran, A., Hegemann, K. & Khan, S.A.R. (2020). Evaluating sustainable drivers for social responsibility in the context of ready-made garments supply chain. *Journal of Cleaner Production*, 248, 119231. <https://doi.org/10.1016/j.jclepro.2019.119231>
- Leung, L. (2015). Validity, reliability, and generalizability in qualitative research. *Journal of Family Medicine and Primary Care*, 4(3), 324. <https://dx.doi.org/10.4103/2F2249-4863.161306>
- Lozano, J., & Murillo, D. (2006). SMEs and CSR: An approach to CSR in their own Words. *Journal of Business Ethics*, 67, 228-240. <http://dx.doi.org/10.1007/s10551-006-9181-7>
- MacGregor, S. P., & Fontrodona, J. (2008). Exploring the fit between CSR and innovation. IESE Business School Working Paper, 759. Retrieved from <https://dx.doi.org/10.2139/ssrn.1269334>
- Martínez, J. B., Fernández, M. L., & Fernández, P. M. R. (2016). Corporate social responsibility: Evolution through institutional and stakeholder perspectives. *European Journal of Management and Business Economics*, 25(1), 8-14. <https://doi.org/10.1016/j.redee.2015.11.002>
- Morsing, M., & Perrini, F. (2009). CSR in SMEs: do SMEs matter for the CSR agenda?. *Business Ethics: A European Review*, 18(1), 1-6. <https://doi.org/10.1111/j.1467-8608.2009.01544.x>
- Muñoz-Pascual, L., Curado, C., & Galende, J. (2019). The triple bottom line on sustainable product innovation performance in SMEs: A mixed methods approach. *Sustainability*, 11(6), 1689. <http://dx.doi.org/10.3390/su11061689>
- Netherlands Chamber of Commerce, KVK. (2019). KVK innovation top 100. Retrieved from <https://www.kvinnovatietop100.nl/site/top-100-2019>
- Netherlands Chamber of Commerce, KVK. (2020, January 20). What is an SME? Retrieved from <https://business.gov.nl/starting-your-business/first-steps-for-setting-up-your-business/what-is-an-sme/>
- Roberts, P 1999, 'The development of NEdSERV: quantitative instrumentation to measure service quality in nurse education', *Nurse education today*, vol. 19, no. 4, pp. 396-407. <https://doi.org/10.1054/nedt.1999.0339>
- Rose, C., & Thomsen, S. (2004). The impact of corporate reputation on performance: Some Danish evidence. *European Management Journal*, 22(2), 201-210. <https://doi.org/10.1016/j.emj.2004.01.012>
- Russo, A., & Perrini, F. (2010). Investigating stakeholder theory and social capital: CSR in large firms and SMEs. *Journal of Business ethics*, 91(2), 207-221. <https://doi.org/10.1007/s10551-009-0079-z>
- Santos, M. (2011). CSR in SMEs: Strategies, practices, motivations and obstacles. *Social Responsibility Journal*, 7(3), 490-508. <https://doi.org/10.1108/17471111111154581>
- Sarkar, S., & Searcy, C. (2016). Zeitgeist or chameleon? A quantitative analysis of CSR definitions. *Journal of Cleaner Production*, 135, 1423-1435. <https://doi.org/10.1016/j.jclepro.2016.06.157>
- Saunders, M., Lewis, P., & Thornhill, A. (2003). Research methods for business students. *Essex: Prentice Hall: Financial Times*.
- Sen, S. (2011). *Corporate social responsibility in small and medium enterprises: application of stakeholder theory and social capital theory*. (DBA thesis, Southern Cross University).
- Sigurdsson, K. & Candi, M. (2019). Saying and doing: Social responsibility declared and applied. *Creativity and Innovation Management*, 29(1), 128-140. <https://doi.org/10.1111/caim.12340>
- Spence, L. J. (2016). Small business social responsibility: Expanding core CSR theory. *Business & Society*, 55(1), 23-55. <http://dx.doi.org/10.1177/0007650314523256>
- Spence, L. J., & Lozano, J. F. (2000). Communicating about ethics with small firms: Experiences from the UK and Spain. *Journal of business ethics*, 27(1-2), 43-53.
- Stake, R. E. (2005). *Qualitative Case Studies*. In N. K. Denzin & Y. S. Lincoln (Eds.), *The Sage handbook of qualitative research* (p. 443-466). Sage Publications Ltd.
- Surroca, J., Tribó, J. A., & Waddock, S. (2010). Corporate responsibility and financial performance: The role of intangible resources. *Strategic Management Journal*, 31(5), 463-490. <http://dx.doi.org/10.1002/smj.820>
- Yin, R. K. (2003). *Case study research: design and methods* (ed.). Thousand Oaks.

8. APPENDIX

Appendix I

Interview Form

Introduction

Company information

Company:

Business type:

Business exists since:

Number of employees:

Revenue last year:

Age of the director owner:

Gender:

The role/function of the CEO

1. How long have you been the owner of the company?
2. How did you get into this role?

Questions on social responsibility

3. What is the purpose of the company?

4. What are the values and principles that drive your company? Are they being documented?
5. Who has created the purpose/those values and principles of the company?
6. How do you incorporate these values into daily business activities? Do you have an example?
7. What do you understand by the term 'social responsibility'?
8. Do you think your company has a social responsibility? Does everyone in the company think about this the same?
9. Who decides whether or not to undertake social responsibility activities?
10. What is your company doing in the area of social responsibility? Can you give an example?
11. Why is your company doing or thinking of doing these things? How important is social responsibility to you/your company?
12. Is there a formal strategy for social responsibility activities? Is this strategy established (written)?
13. Are there any future plans of your company about social responsibility? If so, what are they?

Questions on social innovation

14. How does the company remain innovative? How does the company come up with new ideas? Are those ideas supported by the entire company?
15. Does your company strive to improve people's lives through new products and services development?
16. Does your company initiate improvements in society through new products and services development?
17. Does your company develop new technologies to find solutions to social needs?

To examine which stakeholders are served the most

18. How would you like to prioritise (rank) the following options in your business?
 - Make donations for better cancer treatment.
 - Give additional medical benefits to employees.
 - Sponsor a local football team.
 - Financial support for employees to enhance professional skills.
19. Why did you prioritize the options in this order?

Ending

Questions regarding the website

Appendix II

Table 1. Steps taken to obtain the final sample

Step 1	Number of SMEs initially approached through e-mails (first batch)	38
Step 2	Number of positive responses after the first step	4
Step 3	Number of positive responses after a reminder e-mail	2
Step 4	Number of SMEs approached through e-mails (second batch)	13
Step 5	Number of positive responses after the fourth step	1
Step 6	Number of SMEs who were interested after receiving the Informed Consent	7
Step 7	Number of SMEs who were sent an e-mail to fix an interview date	7
Step 8	Number of SMEs that fixed an interview date	7
Step 9	Number of SMEs that finally participated	6

Appendix III

Table 2. Codes and categories for the data analysis

<i>Category labels</i>	<i>Codes</i>
	SR definition SR activity Formal SR
<u>SR perceived</u>	Innovaton with social intent - SR
	Profit and growth Willingness SR Importance SR
<u>Needed for SR</u>	Balance profit and SR
<u>Barrier SR</u>	Barrier SR
	Team commitment Social value Future employment
<u>Perceived benefits SR</u>	SR pays off
	Organizational culture Customer demands Employee demands Employee welfare - SR Customer demands - SR Investor demands - SR
<u>SR activities for</u>	Local impact
	Innovaton with social intent SI definition New idea generation
<u>SI perceived</u>	Social innovation definition
	Reason director Reason company Value/values Mission
<u>Mission company</u>	Owners value
<u>Decison-making</u>	Internal communication Decision-making
<u>Naturely SR</u>	Saying is doing
	Mission evolvment Value/values evolvment
<u>SR grown in company</u>	Value/values evolvment
<u>Stakeholder ranking</u>	Stakeholder ranking