

Social responsibility in German family-owned SMEs and the influence of company successors

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ABSTRACT

The literature on social responsibility suggests that large firms have identified social responsibility activities as a strategic asset that can be used to benefit their efforts. To maximize the benefits of their social responsibility activities, it is important that companies report their activities to their stakeholders. This research identifies the extent to which German small-and-medium-sized enterprises are involved in social responsibility activities and communicate their activities through social responsibility reporting mechanisms as well as the influence of company successors on this subject. A qualitative multiple-case study approach has been used among five German family-owned small-and-medium-sized companies. The company successors of the small and medium-sized enterprises were interviewed using the semi-structured interview type. This research has shown that the primary social responsibility activities of companies have an environmental background. The findings provide substantial theoretical and managerial insights into the activities of German family-owned SMEs and how they report these. Company successors have been identified as the main driver of social responsibility and as initiators for reporting through new communication channels.

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Keywords

Social responsibility, Social responsibility reporting, German SMEs, Company successors, Multiple-case study, Family-owned companies

1. INTRODUCTION

Since Bowen (1953) defined social responsibility 68 years ago, much has happened in the field of social responsibility, including increased scientific interests (Andrew & Baker, 2020; Jamali & Karam, 2018). Nevertheless, there are still realms that need further exploration. These research gaps can be partly attributed to the shift in the understanding of social responsibility since Bowen's definition. Nowadays, social responsibility is an essential part of corporate strategy (Kotler & Lee, 2005; McDonald, 2006; Ortiz-Avram et al., 2018), but 68 years ago, Bowen saw it as a moral initiative (1953) rather than a strategic asset. Previous studies in the field of social responsibility were primarily focusing on large firms (Brammer et al., 2012; Brammer et al., 2006; Lozano & Murillo, 2006), where research has shown that social responsibility has the ability to improve the company's performance (Peloza & Shang, 2011). Large companies have recognized the importance of social responsibility (Bian et al., 2021; Brammer et al., 2012) and are investing significant resources (McDonald, 2006) in its development and reporting.

At the same time, it is essential to recognize that the global economy comprises approximately 90% of small and medium-sized enterprises (SMEs) (Munro, 2013). However, it is challenging for these companies to report on their social responsibility activities, as resources are limited (Brammer et al., 2012; Jamali et al., 2009). Therefore, to receive the advantages of socially responsible commitment, it is imperative for SMEs to be visible and to implement formal reporting strategies. Currently, SMEs are often seen as companies that report more informally on their social responsibility activities, for example, through word-of-mouth communication (Lähdesmäki et al., 2019), but they also communicate formally through websites, brochures, and annual reports (Sigurdsson, 2021). Within the German Law, there is no binding disclosure requirement of social responsibility activities imposed (RDCGK, 2019), which might lead to an unawareness of the topic and could intensify the existing predicament.

The field of social responsibility offers opportunities for research as this field has not yet been researched as extensively (Sigurdsson, 2021). In particular, family-owned SMEs' commitment to social responsibility remains primarily unmonitored (Stock et al., 2019). Through this detailed examination, which is limited to a more specific target group, it is possible to analyze the field in greater depth to identify influencing factors, such as the company's size and structure in the correspondence of the relevance of social responsibility. This offers a chance for researchers to contribute to the literature.

The objective of this research is to examine the extent of social responsibility commitment and reporting among family-owned SMEs in Germany. This leads to the following research questions:

***RQ 1:** To what extent do German family-owned SMEs participate in socially responsible activities and use reporting mechanisms to communicate their commitment?*

Additionally, the influence of the family internal company successors on the social responsibility commitment shall be explored:

***RQ 2:** What influences do company successors of German family-owned SMEs have on the company's social responsibility commitment?*

This research aims to identify German family-owned SMEs' social responsibility activities and reporting mechanisms as well

as the company successors' influence on these. To answer the research questions, a qualitative research with multiple case studies will be conducted.

The study will contribute to the existing literature towards family-owned SMEs, family internal company succession, social responsibility, and reporting mechanisms. The study's findings can be used to enhance the company's decision-makers understanding of social responsibility (Morsing & Perrini, 2009).

After the introductions, the research will consist of the following chapters: at first, the theoretical framework, including the social responsibility, SMEs and social responsibility, benefits of social responsibility, social responsibility reporting, and stakeholder theory are reviewed. Afterward, the applied methodology, along with the data collection and analysis, are described. Lastly, the findings, limitations, and future research will be discussed, followed by a summarized conclusion of the study.

2. THEORETICAL FRAMEWORK

To obtain an understanding of the subject, the following topics will be addressed in the theoretical framework: definition of social responsibility, SMEs and social responsibility, benefits of social responsibility, social responsibility reporting, and the stakeholder theory. Each segment will be introduced upon its historical perspective as well as the current perception of the subject.

2.1. Definition of Social Responsibility

The origins of social responsibility go back to Bowen (1953), who first defined social responsibility. In his view, companies have the duty to do something good for society, and he saw social responsibility activities as moral initiatives by companies (Bowen, 1953).

Carroll (1979) stated that social responsibility consists of four not mutually exclusive categories. These are economic, legal, ethical, and discretionary responsibilities. The definition of four categories enabled managers to reveal social issues and improve the company's performance. Several years later, Carroll (1991) published the "Pyramid of corporate social responsibility", which he introduced as "sustainable stakeholder framework" that could be used to analyze different stakeholder perspectives (Carroll, 2016).

Kotler and Lee (2005) define social responsibility as improving societal well-being due to companies' dedication to their practices and resource applications. The UNIDO (2021), a United Nations agency, outlines social responsibility as a management concept, where companies implement social responsibility activities and stakeholder interactions. Sarkar and Searcy (2016) have defined social responsibility as follows:

"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".

This definition will be applied to this research since it is suited for the investigated topic.

2.2. SMEs and Social Responsibility

SMEs represent approximately 90% of all global companies (Munro, 2013). In Germany, the number is even higher, with an SME share of 99,5%, which generates 54,4% of the overall value of the German economy (European Commission, 2019). German SMEs are characterized as long-term orientated companies, have a high degree of reliability as well as expertise, and show a strong sense of responsibility towards their employees and partners

(Welter, 2018). SMEs run by families are ubiquitous in Germany since more than 90% of all German companies are run by families (Stiftung Familienunternehmen, 2019). The unique aspect of family-owned companies is that their social responsibility involvement represents the company and the owner's family (Brunninge et al., 2020).

As stated in the next section, being active as an SME in social responsibility activities can come along with several benefits. Revell and Blackburn (2007) state that SMEs often do not recognize these benefits and miss out on these opportunities. When SMEs are aware of social responsibility, they highlight that resources in these companies are limited (Brammer et al., 2012; Jamali et al., 2009). Additionally, the limited resources complicate the benefit taking of social responsibility involvement through its proactive communication (Brammer et al., 2012). Bianchi and Noci (1998) state that SMEs tend to be relatively invisible, and public advertisements are not always affordable for SMEs. These findings promote this research and the identification of social responsibility activities and reporting mechanisms that can be used by SMEs to communicate their activities.

2.3. Benefits of Social Responsibility

Being an active SME in the field of social responsibility could be beneficial for the company (Chong & Tan, 2010; Drews, 2010; Esen, 2013; Murray & Vogel, 1997; Sigurdsson & Candi, 2020). Although social responsibility measures might also be connected to efforts and costs (Brammer et al., 2012; Franco et al., 2020). However, it is necessary to communicate these activities to the company's stakeholders to utilize the opportunities created by social responsibility involvement.

Drews (2010) stated that participating in social responsibility activities as a company can result in monetary and non-monetary benefits. Monetary benefits are having a direct financial effect on the company. This could be, for example, an increase in revenue and brand value. On the other hand, she highlights the non-monetary benefits, which can positively affect the company's competitiveness and financial performance.

Chong and Tan (2010) differentiated their findings on social responsibility into tangible and intangible benefits. Tangible benefits are the attraction of better employees, improved efficiency, and a reduction of operating costs. As intangible benefits, they name an improved company reputation as well as the learning progress of employees.

Other researchers state that social responsibility commitment can improve the reputation of the company (Esen, 2013). Sigurdsson and Candi (2020) state that through social innovation, customer acceptance can be increased. Murray and Vogel (1997) highlighted the benefits of companies' perceived honesty, truth in advertising, and consumer- and customer responsiveness.

For family-owned companies, it is particularly important to maintain and develop their business and to be able to pass it on to the next generation (Hirigoyen & Poulain-Rehm, 2014). Being active in the area of social responsibility supports this intent of family-owned companies (Hirigoyen & Poulain-Rehm, 2014). Moreover, this type of company often has a special relationship with their customers, suppliers, and employees, which can be retraced to their social responsibility efforts (Uhlener et al., 2004).

2.4. Social Responsibility Reporting

Communicating social and environmental activities has evolved towards becoming a common practice in business and could almost be considered as a law of business (KPMG, 2017; Shabana et al., 2016). Since stakeholders' expectations regarding

company social involvements are increasing, the significance for businesses has grown (Khan et al., 2020). In 1992, research by Shabana et al. (2016) stated that 2% of companies reported their social responsibility activities. Nine years later, 95% of the world's 250 largest companies reported their efforts (KPMG, 2011). These figures evidently reflect the increase in significance of social responsibility reporting.

In 1997 the Global Reporting Initiative (GRI) had been founded and had become the leading publisher for voluntary reporting guidelines (Halkos & Nomikos, 2021). The GRI defines social responsibility reporting as follows "A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. The report also presents the organization's values and governance model and demonstrates the link between its strategy and its commitment to a sustainable global economy" (GRI, 2021).

Stakeholders, governments, and watchdog groups are pressuring companies to participate in social responsibility activities (Yu et al., 2017). For managers, it is important to understand sustainability from the People, Planet, and Profit perspective (Correia, 2019). These three P's are part of the triple bottom line coined by John Elkington (1998). This framework analyses a company's social, environmental, and financial performance. Each of these dimensions are equally weighted, and by integrating the triple bottom line into the company's strategy managers aim to meet the expectations of their stakeholders and to gain a competitive advantage (Panwar et al., 2016). Companies also use the triple bottom line framework as an indicator to spread their social responsibility activities towards the companies' stakeholders (van Marrewijk, 2003).

Campopiano and De Massis (2015) state that family-owned companies tend to distribute a greater variety of social responsibility reports, and they are less conforming with traditional social responsibility reporting guidelines. Additionally, they declared that family-owned companies focus on social responsibility subjects, for example, environmental matters (Campopiano & De Massis, 2015). In general, family-owned companies tend to report less information on their social responsibility efforts than non-family-owned companies (Nekhili et al., 2017).

SMEs are facing several challenges when they try to report on their socially responsible activities due to missing procedures, access to knowledge, and resources (Sigurdsson, 2021). The reporting guidelines published by the GRI, as well as the triple bottom line, could be used by the SMEs to encounter the challenges and derive a beneficial advantage from them. Nekhili et al. (2017) highlighted that family-owned companies would benefit considerably from reporting their commitment to social responsibility.

2.5. Stakeholder Theory

Stakeholder theory has been fully articulated by Freeman (1984) that described the relationship between a company and its stakeholders from a capitalistic perspective. He defined stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 2004, p. 229). Furthermore, stakeholders of a company can be differentiated between internal stakeholders, such as employees, and external stakeholders, such as market participants. To meet the stakeholders' expectations, the managers align the companies' social responsibility agendas with the stakeholder interests (Sigurdsson & Candi, 2020).

Parmar et al. (2010) stated that from their perspective, the stakeholder theory is compatible with the maximization of the

stakeholder value approach by Friedman (1962). They argue that it is necessary to satisfy stakeholders to maximize value sustainably. In line with this, companies must provide high-quality products and services that customers demand, inspiring employees to enhance performance and maintain good relationships with suppliers to ensure consistent excellence to successfully grow the company (Sen & Cowley, 2013).

Deng et al. (2013) highlighted in their research about social responsibility and stakeholder value maximization that social responsibility activities positively influence the wealth of shareholders because the focus on the interests of stakeholders increases their motivation to support the company. The shareholder recognizes employees and suppliers as critical resources. Social responsibility activities, as promised job security and wage contracts, are likely to benefit employees and result in a lower turnover rate. On the other hand, companies that actively participate in social responsibility tend to have an improved reputation that supports a good supplier relationship. Both factors are in favor of the shareholder, which explains their willingness to support the company.

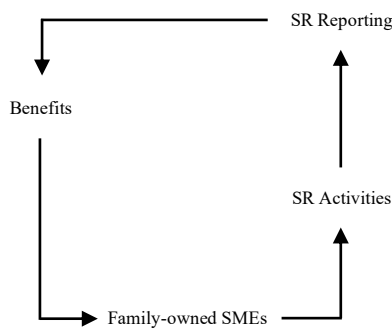


Figure 1. Benefits of social responsibility activities through reporting

3. METHODOLOGY

This research's primary objective is to investigate the social responsibility activities and reporting mechanisms among family-owned SMEs in Germany. For this study, a qualitative multiple case study approach has been selected. The qualitative multiple case study approach enables researchers to gain in-depth insights and to receive an accurate understanding of the dynamics within different companies (Eisenhardt, 1989; Yin, 1984). Since the explorative nature of this research, the selecting case study approach is applicable (Creswell & Poth, 2016; Sigurdsson, 2021). This approach selection is supported by Lozano and Murillo (2006), which declare qualitative research as the most appropriate approach for research in the field of social responsibility. Based on this, the multiple case study approach to analyze different German family-owned SMEs is applied. The methodology process for this research is based on the eight steps defined by Gable (1994) and visualized in Figure 2. Multiple cases were investigated to be able to compare and explore potential differences among the social responsibility activities and reporting mechanisms (Yin, 2011).

3.1. Case selection and sampling

Five family-owned SMEs with family-internal company succession were identified for this research. The general criteria for the case selection of this research have been that the company's location must be in Germany, has to be a family-owned company, and must include an active family-internal successor. Additionally, the cases had to fulfill the European SME criteria. The European Commission (2015) defines SMEs as companies with less than 250 employees, a balance sheet of

less than 42 million euros, and an annual turnover of less than 50 million euros.

Through convenience sampling, five cases were analyzed for this study. Convenience sampling, also referred to as haphazard sampling, is a type of case selection where cases have been selected that are easily accessible, timely available, or geographical immediate vicinity (Etikan et al., 2016; Jager et al., 2017). Gable's (1994) methodology process stipulates that a pilot case study should be conducted, for which the first interview was selected. This step serves to gather important insights for the subsequent interviews (Sigurdsson, 2021) and adapt the interview, if necessary.

Due to the limited time for this research, data saturation needed to be considered. Data saturation may be reached after conducting six interviews (Guest et al., 2006). However, there is no concrete point when data saturation occurs. Generally, researchers talk about data saturation when no new information is obtained by the conducted interviews (Eisenhardt, 1989) and no new topics are added to the coding process (Creswell & Poth, 2016). Within this study, data saturation was reached after conducting five interviews.

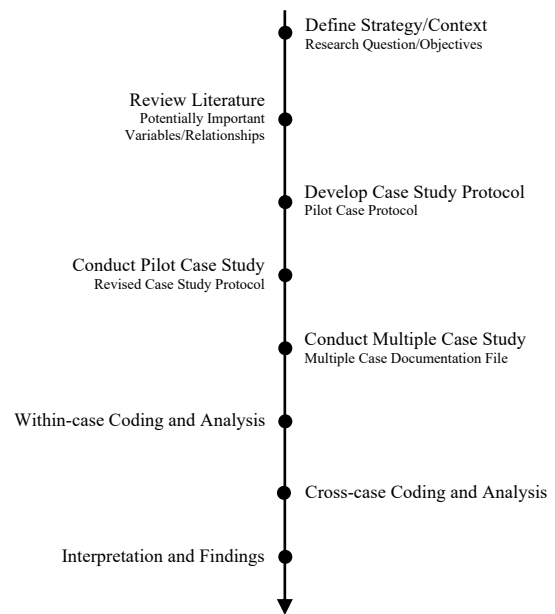


Figure 2. Methodology process, retrieved from Gable (1994)

3.2. Data collection

To collect the data of the selected companies, semi-structured interviews with company successors of the German family-owned SMEs were conducted. These company successors needed to be an active part of the management for at least one year to participate in this research. This requirement ensured that the interviewees were fully aware of the companies' socially responsible efforts and reporting activities. Additionally, they can state best, which influence they had on these topics within the company. Unfortunately, due to the current Covid-19 pandemic, face-to-face interviewees were not possible. Therefore, the interviews were conducted with Skype, an online communication tool offered by Microsoft.

The interviews were semi-structured, and the questions asked open-ended to give the interviewees the opportunity to elaborate on the given answers (Bryman & Bell, 2015). To fully comprehend the interviewees' positions, follow-up questions have been raised by the interviewer (Bryman & Bell, 2015). Within the interviews, the questions were not always asked in the

same order, but the general structure remained. Prior to the interview, the websites of the companies were analyzed to improve further the reliability of this research (Roberts, 1999).

In the beginning, the interviewees were asked three general questions to ensure that the company can be classified as an SME. The interview was separated into three parts, social responsibility activities, social responsibility reporting, and the influence of the company successor on the company's social responsibility activities and reporting. In the first part, it was ensured that the interviewee understands the definition of social responsibility. This part also included the exploration of the company's social responsibility activities and reasons for participating in the field of social responsibility. The second part included the reporting channels as well as the company's communication style. Within the last part of the interview, the interviewee has been questioned about the changes initiated through him or her regarding the company's social responsibility activities and communication. Since this paper is about German family-owned SMEs, the interviews were held in German. The interviews were recorded and transcribed to analyze the findings appropriately. The transcribed interviews were subsequently translated into English, inspected for translation accuracy by an external person. Email and telephone conversations for follow-up questions were used to gain further insights and avoid misunderstandings (Johl & Renganathan, 2010).

3.3. Data analysis

During the transcription of the interviews, noteworthy statements made by the interviewees have been highlighted within the document. Before the initial analysis, the interviewees have been provided with the transcript to verify its accuracy. A within-case analysis of each interview followed this before a cross-case analysis was conducted to ensure the quality of this research (Ayres et al., 2003). Within this step, the quotes of the interviewees were collected, and each quote was assigned to an open code. Additionally, related quotations were clustered into categories using axial code. Finally, the main approaches were identified with selective coding. The coding process is relying on the recommendations by Yin (2011). Table 1 provides an overview of the categories with the related codes. Through the table, it is easier to compare the different interviews and to identify similarities and differences (Yin, 2011).

Table 1. Overview of companies participating

Social Responsibility	Definition	Unclear Clear
	Activities	Environmental Societal
	Importance	Important Very important
	Reasons	Personal Environment Customers Cost reduction Governmental regulations
Social Responsibility Reporting	Stakeholder group	Employees Customers
	Intensity	Active Passive
	Channels	Website Social media Mouth-to-mouth Brochures Internal marketing
		Social responsibility
Reporting		Website Social media

4. FINDINGS

4.1. Case overview

The selected companies are summarized in Table 2. These companies represent small as well as medium-sized family-owned companies from different industries. Next to this, the company successors were an active part of the management for at least one year.

Table 2. Overview of companies participating

Company	One	Two	Three	Four	Five
SME	Yes	Yes	Yes	Yes	Yes
Family-owned	Yes	Yes	Yes	Yes	Yes
Founded	1833	1953	1994	1971	1934
Employees	12	150	120	5	13
Industry	Hotel business	Beverage wholesaler	Cleaning business	Farming business	Hotel business
Successor age	30	25	24	27	29
Successor gender	Female	Male	Male	Male	Male
Successor in management	1,5 years	2 years	2,5 years	4 years	1 year

4.1.1. Company One

The first company is a family-owned hotel which is also operating an in-house restaurant since 1833. The company successor did several jobs within the industry and studied hotel management before becoming an active part of the management. She is 30 years old and in this position since January 2020.

Social responsibility

The interviewee was aware of the meaning of social responsibility and stated that they are actively participating in several fields of social responsibility. She emphasized that they work very responsibly with food and ensure that resources such as water and electricity are not wasted and used unnecessarily. She has also thought about the sustainability of her suppliers and actively tries to reduce CO2 emissions. The in-house table water production for the restaurant and the hotel rooms has been an essential step in this direction. She also declares: "Our breakfast buffet is 99% plastic-free, there we use almost exclusively reusable packaging options to waste as little plastic as possible". For her, being socially responsible has to do with respect for the environment, animals, and the planet. Notable is the significant development of social responsibility: "If you had asked me a few months ago, I would have said important, but Corona has shown us the importance of social responsibility. [...] We have to be more sustainable; we have to care more about our world, environment, and nature, which is why the topic is now very important for us".

Social responsibility reporting

By reporting their social responsibility activities, she wants to address employees and customers, particularly private customers. Generally, the company uses word-of-mouth, brochures, internal documents such as menus, their website, and social media to communicate their activities. She points out that: "I believe that you can reach many people via social media and communicate the idea of sustainable development to the outside world". In terms of effectiveness, she differentiates between people that know the company and people that do not. She emphasizes that the most effective communication channels for customers who do not know the company "is definitely through the website and social media". Currently, she describes the reporting efforts as more passively, but she said, "Sure, we are already doing a little bit, but I think that there is still a lot more that can be done".

Company Successor

Since she has been active in the company, she made small changes, such as reducing plastic waste, switching from gas to wood pellets. She has replaced some of the things her parents implemented, such as stopping fitters to save water in the hotel rooms. Nevertheless, she also says: "I think there are more social responsibility issues nowadays than there were with my parents. Depending on what is going on in the world, one or the other is more or less in the foreground. The social responsibility activities in my parents' time are not gone, but new topics have been added". In this context, it is important to mention that she worked with her parents on social responsibility activities and reporting channels before joining the company.

4.1.2. Company Two

The second company is a beverage wholesaler, which has been family-owned since 1953. The company successor was serving his apprenticeship within the company and has been employed by the company for nine years, two years of them being part of the management. He is 25 years old.

Social responsibility

The actual term social responsibility was new to the interviewee; therefore, he received the definition provided in this paper. Following the definition, he stated that reducing CO₂ emissions is an important issue for the interviewee, as it threatens the future of all of us. He said that they support their employees to form carpools, with the goal that not every employee has to drive separately with their own car to work. The company adds only vehicles with low fuel consumption to their vehicle fleet and plans to be fully electric in the future. They also offer charging stations for e-bikes; the interviewee said: "We hope that this will encourage more people to cycle to work". The most crucial corporate social responsibility activity is, in his opinion, digitalization. Digitalizing processes means that a lot of unnecessary paper can be saved every day, which is, of course, good for the environment. He says that government regulations also play an important role because these regulations are almost forcing the company into a more sustainable behavior. Next to this, some of his customers demand a sustainable supply chain, which is also a motivation for participating in social responsibility and therefore in the company's interest. Another particular bit to be highlighted is also the position of the manufacturers. He says: "For some products, however, the pressure also comes from the manufacturer, who says that the supplier must work sustainably". For the interviewee, social responsibility will be a very important matter within the next five years, as he would rate social responsibility as important now.

Social responsibility reporting

The interviewee's company focuses its social responsibility reporting on its customers and employees as stakeholders. Mouth-to-mouth communication is the most important and most frequently used communication channel. The interviewee prefers personal communication and says: "It is important for us to make it transparent to all our employees why we have made this specific decision". He mentioned that brochures are used in sales meetings, but there is no section highlighting social responsibility right now.

Company Successor

Since joining the company's management team, he has been the driving force behind bringing social responsibility to the forefront within the company, although he did not label his measures as such. He was the one that introduced the topic to the previous management generation. For him, digitalization is necessary to prepare the company for the future, and sustainability is an essential part of it. Regarding digitization, the

interviewee said: "What I am insisting on is that we implement things like digitization faster".

4.1.3. Company Three

The third company is a cleaning company, family-owned since 1994. The company successor was serving his apprenticeship within the company and afterward worked for other cleaning companies. He is 24 years old and has been an active part of the management for two-and-a-half-years.

Social responsibility

In the pre interview communication, the interviewee requested a definition of social responsibility, which is used in this paper. The definition was intelligible to him, and there were no further questions regarding social responsibility. His and the company's commitment towards social responsibility is a personal social conviction to save the environment and offer his employees a safe workplace. The company's primary focus of its social responsibility activities lies in the reduction of chemicals and paper use. He said: "What we are trying to do, is to have the best effect with as little chemical use as possible". The amount and hazardousness of chemical cleaning agents used is crucial for him as well as the aspiration to use label-free products. Label-free products are cleansers that do not include dangerous chemicals. Also, the digitalization of processes within the company enabled them to reduce the amount of paper used.

Since the company sells many hand towels and toilet paper, they decided to offer their customers only sustainable, recyclable products. Next to this, the company bought two hybrid vehicles charged with the photovoltaic system on the company's roof. This produced electricity is also used for internal machinery. For the entire management, it is important to inform themselves about the newest trends and technologies on the market.

They already integrated new technologies to clean outer facades, which are free of chemicals and make ladders unnecessary. The usage of ladders is in the industry the most common workplace accident. This means that the new technology is good for the environment and enables a safer workplace for their employees. Also, label-free cleaning products are reducing the risk of work accidents. Social responsibility plays an important role for the company, and the interviewee said: "I think we are already setting a good example".

Social responsibility reporting

Since the personal conviction of this topic, the company has no specific target group in terms of social responsibility reporting. However, they used brochures and other offline marketing channels in the past, but the expected success was not achieved. For this reason, they concluded to invest their marketing budget into social media advertisement to make customers aware of their service. The interviewee also pays attention to their website and stated: "Last year we started to update our website more frequently and that is kind of our most current advertisement". In general, social responsibility-related topics are not actively communicated with the customers only if they request them. The interviewee stated that the price and the quality are most important to the customers and not the sustainability of the used products.

Company successor

With his entry into the management of the company, he was initiating sustainability-related activities. Many of them were small changes, but he was also the driver for the chemistry reduction and the pure water plant. Focusing on digital communication channels to share their social responsibility activities was also an idea of him.

4.1.4. Company Four

The fourth company is operating in the farming business, family-owned since 1971. The company successor was growing up on the farm and went on to work on several other farms after he finished high school to get to know their working styles. He is now 27 years old and has been an active part of the management for four years.

Social responsibility

The interviewee asked for an explanation of social responsibility before the interview began. In the interview, social responsibility was comprehensible for him. In the past years, the company was strongly shifting its focus on sustainable farming. They strive to use as few pesticides as possible, and they are avoiding the dangerous ones completely. Next to this, they have planted traditional cereals as people did hundreds of years ago. They are also producing their own energy; he says: "On our farm's roof we have solar panels and on one of our fields we even have a wind turbine". The electricity production is higher than their personal usage, that is why they sell it and give others the chance to use sustainable electricity. However, they have also built a store where customers can purchase their products and products of sustainable working farmers out of the region. Regarding the importance of social responsibility, the interviewee says: "It is very important for us, we really try to implement everything that we can to be even more sustainable". Their motivation to be active in this field of social responsibility is on the one side the pressure from governmental regulations, but on the other side, the sustainability of the business for the next generation.

Social responsibility reporting

According to the interviewee, the farmed grain is sold to cooperatives, so there is no immediate communication. However, the company holds certificates that reflect the sustainable efforts. In their farm store, they communicate actively through signs and posters. When they opened the farm store, they were mentioned in the local newspaper, otherwise they did not use the newspaper as an active means of communication. However, they plan to use Instagram in the future to communicate their activities and special offers, and they are also thinking about showing how the products are produced and where they come from.

Company successor

Within this company, the company successor is the driver of social responsibility related topics, he said: "I was responsible for the fact that we have changed our operation to be really sustainable". He said that his father invested in the sustainable energy production, but that he is the driving force for the pesticide's reduction, the farm store, and recultivation of the traditional seeds. In terms of social responsibility communication, the interviewee plans to implement Instagram to communicate the activities and to show the origin of the products sold in the store.

4.1.5. Company Five

The fifth company is a hotel business and has been family-owned since 1934. The company successor was serving his apprenticeship in the luxury hotel industry and kept working on this luxury-level before he got an active management part of the family business. The interviewee is 29 years old and has been active in the company for one year.

Social responsibility

The interviewee was provided with the definition of social responsibility used for this paper before the interview. He understood the definition and felt comfortable talking about the topic. On the hotel's roof, they have solar cells, which are producing electricity for the hotel and the restaurant. As part of

an extensive renovation, they improved the insulation and replaced all the windows and doors to save on heating costs and do something good for nature. Charging stations for e-cars and e-bikes have also been installed, which the company hopes will help promote sustainability among the customers. In terms of housekeeping, he said: "We give our guests the chance to decide, whether they would like to reuse their towels for the next day. This is very environment friendly, because it saves a lot of water and chemicals used for washing the towels". For the interviewees, the company social responsibility activities are important with a tendency to very important.

Social responsibility reporting

Preparing the company for the next generation is the primary motivation for the company to be active in the field of social responsibility. They actively communicate their activities with their customers and employees. Customers are made aware of these activities with internal promotions such as the restaurant menu. The interviewee says: "Especially in terms of guest communication, our strongest communication channels are social media and our website".

He states that the tracking possibilities of these communication channels are incredibly beneficial for them. In the previous years, they tended to focus on the local newspaper to promote their activities. The local newspaper as a communication channel was not efficient anymore, and they consequently stopped the cooperation. In terms of internal communication with their employees, they focus on personal meetings.

Company successor

The interviewee grew up in the company but has been working for ten years outside the family business to gain experience that could be beneficial for the company. Since he stepped into the management, he has not set a new focus on social responsibility activities. He reasoned this with the high awareness of his parents regarding social responsibility topics, which did not make a new focus or substantial change necessary. However, since he stepped into the management, he contributed to the communication of the social responsibility activities. Nowadays, the focus is social media and the website, which the interviewee has developed solely.

5. FINDINGS OF THE CROSS-CASE ANALYSIS

5.1. Case summary

Within this chapter, the findings of the different cases will be crossed analyzed. Table 3 summarizes the key results of social responsibility, social responsibility reporting, and company successors.

5.2. Definition of social responsibility

At the beginning of each interview, the interviewees were asked whether they know the term corporate social responsibility is. This question ensures the quality of the interviewees and avoids misunderstandings. It has to be highlighted that the term was not familiar for two out of five interviewees. Due to this, the interviewees were provided with the definition used in this paper. This helped the interviewees to have a clear understanding of the topic. Some of the interviewees requested the definition before the interviewee prepare themselves.

5.3. Socially responsible activities

All interviewed companies are participating in social responsibility actives, especially environmental activities. Company two, three, and five are also active in societal activities. Interviewee three said that their activities are good for the

environment and support them in offering a safe working environment for their employees as internal stakeholders.

"The point is, the stronger the chemistry is, the more accidents there are with it."
(Interviewee Three)

Supporting its employees to be sustainable is supported by company two.

The company helps employees to form carpools and offers charging stations for employees e-bikes. Company five is supporting their local sports club by contributing to the cost of new jerseys. From the environmental perspective company one, four, and five are paying close attention to locally produced goods. Interviewee one even states that they eliminate products that do not have a suitable ecological footprint, like avocados. Chemical and pesticide reduction is in the focus of companies three and four. The interviewee of company two pays most attention to digitalization and the ecological benefits that come with it, for example, paper reduction. Additionally, company three addresses digitalization to reduce paper usage as well as company two, even if it negatively influences the effectiveness.

5.4. Importance of social responsibility

None of the interviewees stated that social responsibility is unimportant to them as a company. Two companies say that this topic is important and three even name it as very important for their company. Company two sees social responsibility as a very important topic in the future.

5.5. Reasons for participating in social responsibility

The interviewed company successors have different reasons for participating in social responsibility activities, but all of them want to do something good for the environment. Company one, three, and four are active out of personal conviction. Interesting is also that companies two and three are not doing it for their customers, at least not at this point. Next to this company, two and four mentioned that government regulations are reasons for them to participate. Company two also states that social responsibility activities as digitalization reduce costs, and since the business field has minimal margins, it also has economic reasons.

5.6. Targeted stakeholder groups and reporting intensity

All the interviewees state that they target their communication towards their customers, some of them more intensively than others. Companies two, three, and four say that their communication is passive and only companies one and five would define their social responsibility reporting proactively. Social responsibility reporting towards its employees takes place in company one, two, and three, primarily mouth-to-mouth.

5.7. Social responsibility reporting channels

Traditional communication channels as newspapers do not play a role for the interviewed companies. Only in company one and three brochures are still used, but not in the focus of the companies. Instead, the company's website and social media play an essential role in the communication process. Except for company two, every company uses social media as a communication channel. Company one even uses their social media channel to demonstrate that the products are produced sustainably. The interviewee of company two said that social media does not make sense for them, because of its B2B focus. Company one, four, and five make use of internal communication carriers. For companies one and five, the menu

in the restaurant and breakfast buffet labels are used to show that the products are regional.

"We communicate regionality through our menus."
(Interviewee One)

In the farm store of company four posters are used to highlight the social responsibility activities. All the interviewees stated that mouth-to-mouth communication is an essential channel for them.

Table 2. Summary of the social responsibility, social responsibility communication, and company successors

Company	One	Two	Three	Four	Five
Employees	12	150	120	5	13
Successor age	30	25	24	27	29
Successor in management	1,5 years	2 years	2,5 years	4 years	1 year
Social responsibility					
Definition					
Unclear		x	x	x	
Clear	x				x
Activities					
Environmental	x	x	x	x	x
Societal		x	x		x
Importance					
Unimportant					
Important		x			x
Very important	x		x	x	
Reasons					
Personal	x		x	x	
Environment	x	x	x	x	x
Customers	x			x	x
Cost reduction		x			
Governmental regulations		x		x	
Social responsibility reporting					
Stakeholder group					
Employees	x	x	x		
Customers	x	x	x	x	x
Intensity					
Active	x				x
Passive		x	x	x	
Channels					
Website	x	x	x	x	x
Social media	x		x	x	x
Mouth-to-mouth	x	x	x	x	x
Brochures	x		x		
Internal marketing	x			x	x
Company successor					
Social responsibility					
Main driver		x	x	x	
Reporting					
Website	x	x	x	x	x
Social Media	x		x	x	x

5.8. Company successors as social responsibility driver

Noteworthy is especially that the interviewees of company two, three and four, state that they are the main driving force of social responsibility related topics. This cannot be hindered by the circumstance that the specific term was unknown and acted out of a sustainable reflex.

"The initiative to address this issue more actively came when I joined the management."
(Interviewee Two)

Instead, this supports the relevance as without the theoretical background of the successors, competition and stakeholder interests impose a factual pressure for its consideration.

Interviewee two said that he wants to act and implement activities that are good for society and the environment as fast as possible. Interviewee three mentioned that they are looking for new work methods and technologies to reduce their negative influence on the environment.

5.9. Company successors influence on reporting social responsibility

With the step into the management as an active member, all company successors started to focus the company's website more. They often initiated to keep the website more up to date and to share new social responsibility activities.

"I grew up with social media, and I see it as a great option to communicate with our customers, that is why I started to be more active in this field."

(Interviewee One)

Interviewee three also decided that this year's advertising budget will be invested in social media instead of traditional communication channels to benefit from its opportunities. Nevertheless, they all said that new communication channels could not fully replace word-of-mouth communication and connected trust.

6. DISCUSSIONS AND CONCLUSION

The main contribution of this research is that it offers more understanding and insight into German family-owned SMEs, their engagement in social responsibility and social responsibility reporting. In addition, the influence of company successors on the companies social-responsible commitment has been investigated. The following research questions were introduced for this research and will be answered here:

RQ 1: *To what extent do German family-owned SMEs participate in socially responsible activities and use reporting mechanisms to communicate their commitment?*

RQ 2: *What influences do company successors of German family-owned SMEs have on the company's social responsibility commitment?*

6.1. Theoretical implications

Existing research has shown that active participation in social responsibility can lead to an improved competitiveness (European Commission Communication, 2011). Next to this previous research by Kechiche and Soparnot (2012) has revealed that social responsibility appears to the management of SMEs as more of an ethical than economic nature. Those research are highlighting the problem, which has been identified during this research. Many of the interviewed company successor have not even been fully aware of the meaning of social responsibility and have not all promoted their measures proactively. This makes it difficult to use their activities effectively as a competitive instrument. Nevertheless, social responsibility plays a very important role for three companies and an important role for two companies.

In the research of Campopiano and De Massis (2015) they stated the family-owned companies are less conforming with traditional reporting guidelines. The findings of this study strengthen their conclusion since the investigated companies use reporting channels, which do not suit the traditional reporting guidelines. Social media, the company's website, internal marketing activities and mouth-to-mouth communication have been identified as the primary reporting channels of the family-

owned SMEs interviewed, which do not offer the opportunity to make use of the guidelines.

Besides this Campopiano and De Massis (2015) also mentioned the focus of family-owned SMEs regarding environmental activities. The main motivation for the respondents in this research was the protection of nature, which was also strongly reflected in their activities. Except for one activity, all social responsibility activities aimed to reduce the negative environmental impact of their company or protect their internal stakeholders in the form of their employees. In summary, it can be concluded that this environmental focus has also been reflected in this research.

Nekhili et al. (2017) said that family-owned companies report less of their social responsibility efforts. For this statement, supportive findings were also obtained in this research. This lack of reported information can be explained by the motives of German family-owned SMEs, where social responsibility does not have a primary economic background. Instead, the personal conviction explicitly mentioned by one interviewee was at the forefront. Only one company said that its activity to digitize its operational process also aims to save costs next to the environmental benefits. An additional aspect is that three out of five companies would describe their social responsibility reporting as passive. Moreover, also the companies that actively communicate their activities believe that their reporting methods need improvements.

To answer the second research question, company successors of family-run SMEs were interviewed, which can be classified as Millennials (Taylor, 2018). The social responsibility commitment of family-owned SMEs was described as unexplored in previous literature (Stock et al., 2019), but the findings of this research can help shed light on this topic, especially on the influence of family internal company successions.

Three out of five of these company successors would describe themselves as the main driver for initiating social responsibility related activities. Previous literature by Deloitte (2017) defined Millennials as the most ethical generation, which feels especially accountable for the protection of the environment and other social responsibility related themes. This statement aligns with the findings, by investigating the social responsibility efforts of the companies, the tendency towards environmental activities is reflected. Interviewees mentioned among other activities plastic, chemical and pesticides reduction as their initiatives.

Millennials prefer digital communication channels, and this tendency has also been identified in this research (Smith, 2011; Starcevic & Konjikusic, 2018). The company successors grow up with the internet and social media, this familiarity with these technologies is reflected by the reporting channels that the interviewees pay high attention to. All of them put attention to the company's website and ensured they are up to date and used to promote social responsibility activities. Four out of five companies also implemented social media to their reporting channels since the company successor stepped into the management. One of the interviewees even shares videos and pictures on social media, to show their customers how they produce the products and that they work sustainable.

In conclusion all companies are participating in social responsibility, with the focus on environmental activities. Social responsibility reporting takes place; however, they state that there is room for improvement. With the step in the management of the companies, the company successors developed to the main driver for initiating new social responsibility activities. In addition to this they also shifted the focus on the company's website and the social media to share their social responsibility efforts.

6.2. Managerial implications

As stated in the Introduction section of this research, the practical pertinence of the research findings could support the management of family-owned SMEs regarding social responsibility reporting decisions.

An explanation of the possible benefits, especially the economic benefits, could help the company successors to gain a better understanding. However, the unawareness about possible economic effects prevents family-owned SMEs from taking advantage of social responsibility activities. This is reflected in the findings indicating that company successors need to gain more insight and knowledge about social responsibility to use it effectively. Furthermore, Deng et al. (2013) state that participation in social responsibility can positively influence stakeholders' value maximization and the shareholders' wealth. When the managers take Deng et al. (2013) research into account their motivation for participation might increase.

For an efficient social responsibility strategy, this process cannot be limited to motivation alone but must also include reporting and the implementation of social responsibility activities. For this, it is essential that company successors seek external advice to determine suitable social responsibility reporting channels. Those measures are important because increased knowledge of social responsibility and reporting can result in further insight, competitive advantage and might provide new opportunities. This competitive advantage arises especially from the optimal approach to the stakeholders, which reduces the needed company's resources, addresses the target group, and thus strengthens the relationship with the stakeholders. In this context, company managers of the previous generation could also profit from the company successors' efforts to benefit from new activities, reporting methods, and strategies regarding social responsibility.

7. LIMITATIONS AND FUTURE RESEARCH

7.1 Limitations

This research is subject to a number of limitations. Using a qualitative multiple-case study approach implies some of these limitations. Since this research approach, is time-consuming process, and the group of potential interviewee partners is rather small, only five interviewees have been conducted.

Due to this, the findings cannot be generalized, another reason for this is also the focus on German family-owned SMEs. The findings might differ in research conducted globally. For this research company successors have been interviewed, which are from young age and for a maximum of five years active part of the management. The interviewees have been provided with a definition of social responsibility, as they lack understanding of social responsibility. Another limitation is the self-reporting bias (Fusch et al., 2018), since the interviewees represented their company and might have given socially acceptance responses to put their company in a good light. To counteract this bias, the interviewee partners were assured in advance that the entire interviewee would be anonymous and no conclusions could be drawn regarding their company. The interviewees were conducted via Skype, a videocall software. Due to the COVID-19 pandemic it was not possible to meet with the interviewees face-to-face. Possible non-verbal communications from the respondent's side might have changed the findings of this research. To avoid translation bias, the translation transcript has been inspected, by another person. After the transcription process, the interviews have been coded. Within the coding process, interpretation bias can occur.

7.2 Future research

The limitations of this research open opportunities for future research. Due to the limited number of interviews, this number can be increased in the future to gain new insights. Also, only German family-owned SMEs were interviewed in this research, an expansion of this country focus may reveal possible differences in the other countries. The current pandemic has precluded a face-to-face interview opportunity, future research could take up this aspect. After all, non-verbal observations can influence the findings of research. The interviewed company successors are also still relatively young. It would be interesting to analyze whether older company successors who have been active in management for longer act differently. To counteract interpretation bias, multiple and more experienced researchers should be involved in the coding process.

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10. APPENDIX

Appendix I

Interview Questions

Preliminary questions:

1. How many employees work in the company?
2. Does your company generate less than 50 million a year?
3. When was the company founded?

Social responsibility activities

1. Do you know what social responsibility is?
2. To what extent do you as a company engage in social responsibility?
 - 2.1. Why do you do emphasize social responsibility?
3. How important is social responsibility to your company?
4. What do you want to achieve with your social responsibility activities?

Social responsibility reporting

5. Do you communicate/report on social responsibility?
 - 5.1. If so: How do you report your social responsibility activities with your stakeholders?
6. Would you define your reporting methods as passive or active?
 - 6.1. Please elaborate on your answer

Company successor

7. Has anything changed in your activities since you stepped into the management)?
8. Have you changed the way you report social responsibility?
 - 8.1. Please tell me how?