



BACHELOR THESIS

Spring 2012

*School of Health and Society
International Business and Economics*

CSR commitment in SMEs

- A study on owners' perception of
stakeholders

Authors

Mattias Östberg

Jakob Österberg

Supervisor

Timurs Umans

Examiner

Christer Ekelund

Abstract

Corporate social responsibility (CSR) is an important subject in business administration, and has been for many years. Over the past few years it has become an increasingly debated topic. The CSR subject mainly focuses on multinational enterprises (MNEs), resulting in a research gap concerning CSR in small and medium size enterprises (SMEs). SMEs outline the majority of all companies on the European market; therefore, it is empirically interesting to further investigate how SMEs perceive CSR commitment.

The purpose of this dissertation is to explain how CSR commitment of internal and external stakeholders influences CSR commitment in SMEs.

The research was conducted with a quantitative survey. The data collected with the survey was tested and analyzed with both an explanatory and exploratory research strategy. Explanatory research was performed in order to test the derived hypotheses and explain the research question. Exploratory research was then performed in order to provide a further understanding of how SMEs view stakeholders and their CSR commitment.

These two research strategies revealed that internal and external stakeholders influence CSR commitment in SMEs. However, SMEs perceive some stakeholders similarly because of their relationship with the company. There are three main concepts of CSR commitment: environmental, social and financial responsibility. Results showed that financial CSR is considered distinctly different from the two other measured CSR concepts.

The theoretical contributions may be of importance to owners of SMEs and MNEs in order to gain a deeper understanding of CSR as a subject. Also, findings can help scholars interested in further researching CSR commitment in SMEs. The methodological contributions of this dissertation are of relevance for future research on the subject, since the developed instrument for measuring CSR commitment was successful. Without an established measure for this area, this instrument enables further development and thereby more valid research regarding CSR commitment and SMEs.

Keywords: Corporate social responsibility (CSR), small and medium sized enterprises (SME), multi-national enterprises (MNE), Stakeholder theory

Acknowledgement

First and foremost, we would like to thank Timurs Umans for the supervision of this dissertation and for him pushing us to accomplish more. Thanks to Annika Fjelkner for her language assistance in writing this dissertation, her assistance on format and language issues were of great help. Also, we would like to thank Pierre Carbonnier for helping with the statistics. Finally, thanks to all the companies that were willing to participate in the study, making this dissertation possible.

Kristianstad 2012

Mattias Östberg

Jakob Österberg

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1. Introduction

The first chapter of this dissertation consists of five parts, presented in the following order: Background, problematization, research purpose, research question and limitations.

1.1 Background

Corporate social responsibility (CSR) has been an important subject in business administration for many years (Blombäck, 2009; Claydon, 2011; Nijhof & Jeurissen, 2010; Ya Fen, 2010). Western society's ways of living is a big factor, constantly pushing companies to develop and be innovative (Ya Fen, 2010). Consequently, companies have to handle the question on how their operations affect the society around them (Nijhof & Jeurissen, 2010). It is considered to be the companies' responsibility to improve the impact they have on society. Therefore, firms put more effort into CSR commitment. A common view is that companies need to increase CSR commitment; thus, making firms take more responsibility for their actions. For example, the Danish government has implemented legislation stating that the largest organizations in the country are obligated to increase CSR commitment and make their CSR activities public in their annual report (Young, 2009). Legislative pressure for CSR commitment is argued to have increased in the past years (Fraj-Andrés, López-Pérez, Melero-Polo, & Vázquez-Carrasco, 2012). However, there are scholars advocating opposing arguments to CSR commitment. Nobel Prize winner Milton Friedman argues that a company should have no other obligations than to maximize profits to shareholders. Additionally, he states in an article that businessmen promoting CSR are "unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades" (Friedman, 1970, p. 1).

CSR is not a new concept; there is confusion regarding the definition and the range of the term. Consequently, CSR and its impact on society and corporations have been interpreted in different ways. It has been argued that size of an organization can help determine the level of CSR commitment. However, Blombäck and Wigren (2008) have presented evidence supporting this to be a dangerous assumption when analyzing companies. In some cases, small and medium sized enterprises (SME) can be involved

in the same CSR activities as multi-national enterprises (MNE) and vice versa, thus, suggesting that CSR is no longer limited to larger corporations.

CSR commitment is mainly viewed from a marketing strategy perspective. According to marketing research CSR is often perceived by the public as “greenwashing” (Arendt & Brettel, 2010); referring to companies using CSR for self-promotion interests. The marketing approach to CSR is outlined by several theories, such as, legitimacy theory, marketing orientation, relationship marketing, marketing communications, corporate image, identity and reputation management (Podnar & Golob, 2007; Farache & Perks, 2010). These theories mainly deal with the public’s perception of corporations’ CSR commitment and focuses on MNEs. However, the scientific interests in SMEs CSR commitment is gradually increasing among scholars. An acknowledge theory for investigating CSR commitment in both small and large firms is the Stakeholder theory (Blombäck, 2009). Consequently, Stakeholder theory could be more applicable when researching SME than marketing strategy theories.

There are several reasons for the increased interest in investigating SMEs; for instance, an understanding of how SMEs view CSR commitment could help gain knowledge on the subject of CSR (Ya Fen, 2010). Moreover, Claydon (2011) argues that CSR should be considered in smaller companies. Therefore, she developed a new model analyzing CSR for both large and small firms. Furthermore, Blombäck (2009) states, “there is little research on how small firms adopt or might further adopt the type of CSR we normally focus on in large firms” (Blombäck, 2009, p. 256). There is limited research on how stakeholders affect the level of CSR commitment in SMEs; hence, the increased interest in further research (Blombäck, 2009; Claydon, 2011; Santos, 2011). As mentioned, most research regarding CSR has been conducted on MNEs. However, research on CSR commitment in SMEs should not be neglected since they represent more than 99% of European companies (Baden, Harwood, & Woodward, 2009; SCB, 2012). Additionally, two aspects are relevant to the importance of studying SMEs CSR commitment. First, SMEs represent 90 percent of businesses worldwide; secondly, they also represent between 50 and 65 per cent of all employments worldwide (Fraj-Andrés et. al, 2012).

One reason SMEs are forgotten in the CSR discussion is society’s restricted view on the subject. In media, large corporations with famous campaigns commonly portray CSR.

Evidently, this results in SMEs' CSR commitment being neglected (Blombäck, 2009). Another reason is that SMEs mainly focus on internal CSR, for instance, to increase employee satisfaction and motivation (Santos, 2011). In contrast, the CSR discussion mostly concerns external activities, involving for example, the improvement of working conditions in third world countries. These activities are important, but do not provide a clear picture of CSR commitment in SMEs (Blombäck, 2009). Additionally, SMEs are often conducting CSR without knowing, both in the external and internal point of view (Santos, 2011). However, due to their limited knowledge, SMEs do not believe their actions are regarded as CSR.

1.2 Problematization

The topic of CSR has been explored in various studies, most of which discuss the incentives for MNEs to increase CSR commitment (Castka, Balzarova, Bamber, & Sharp, 2004; Lepoutre & Heene, 2006; Worthington, Ram, & Jones, 2006). Socially responsible companies such as The Body Shop, Ben & Jerry's, and Innocent are often portrayed as forerunners for how CSR commitment can lead to a profitable business (Nijhof & Jeurissen, 2010). Since much of the discussion concerning CSR is on a large-firm scale, there is a lack of research on a small and medium size level.

Numerous studies have identified several stakeholders influencing CSR commitment in SMEs. This commitment can be divided into two categories: internal and external stakeholders (Santos, 2011). External stakeholders are outside the company, and affect CSR commitment. Examples of external stakeholders are customers, competitors and partners. Internal stakeholders are inside the company and also affect the CSR commitment. These stakeholders are for instance owners and employees.

Several researchers have analyzed internal and external stakeholders. These researchers have mainly focused on one stakeholder affecting CSR commitment, instead of considering several. For instance, Claydon (2011) suggests that customers is the main stakeholder affecting CSR commitment. Correspondingly, Porter and Kramer (2006), state that competitive advantage is the strongest influence for CSR commitment (Porter & Kramer, 2006). In other words, they argue that competitors is the main stakeholder for a company. According to several researchers, partners of a firm are considered to be yet another important stakeholder for CSR commitment. Larger corporations often

possess a better negotiation position than smaller companies (Claydon, 2011; Holme, 2010; Nijhof & Jeurissen, 2010; Fraj-Andrés et. al, 2012).

Several researchers argue for internal stakeholders as the main influence affecting CSR commitment. For instance, Deci and Ryan (2000) argue for employees as the main stakeholder of CSR commitment (Nijhof & Jeurissen, 2010). This approach on CSR debates that there is a positive correlation between CSR commitment and employee CSR commitment. Santos (2011) argues that the owner is important when studying CSR commitment in SMEs. Thereby, she identifies the owner as a main stakeholder. In conclusion, most studies mainly consider one stakeholder as the main influence on CSR commitment. Few researchers have described more than one stakeholder at a time.

CSR commitment can be defined as to which extent firms prioritize socially responsible actions. These actions can take place both within (internal) and outside the firm (external). An example of external CSR commitment is sponsoring a local sports event. Internal CSR commitment is, for instance, working with HR management (Santos, 2011). The link between internal and external stakeholders and CSR commitment needs to be defined. There is a correlation between stakeholders' CSR commitment and CSR commitment in SMEs; the larger influence of a stakeholder, the greater the CSR commitment (Chen, 2011). However, there is limited research on which stakeholders influence CSR commitment in SMEs.

In sum, most research on CSR regard MNEs, and how stakeholders affect CSR commitment in large corporations (Santos, 2011; Ya Fen, 2010). However, since the majority of companies are SMEs, further research is necessary to gain a deeper understanding of these companies (Ya Fen, 2010; Fraj-Andrés et. al, 2012). In addition, how stakeholders affect CSR commitment in SMEs is often neglected in CSR research. The general perception of SMEs is also that they have difficulties understanding the concept of CSR (Ya Fen, 2010). According to past research, there is a link between stakeholders and a company's level of CSR commitment (Claydon, 2011; Lepoutre & Heene, 2006; Nijhof & Jeurissen, 2010; Santos, 2011). Therefore, this dissertation will be aimed towards SMEs, since it is empirically interesting to understand which stakeholders influence CSR commitment in SMEs.

1.3 Research Purpose

The purpose of this dissertation is to explain how CSR commitment of internal and external stakeholders influences CSR commitment in SMEs.

1.4 Research Question

How does perceived CSR commitment of internal and external stakeholders influence CSR commitment in SMEs?

1.5 Limitations

The theoretical limitations of this dissertation will be to one established theory, the Stakeholder theory (Freeman, 2010). The theoretical framework will consist of the Stakeholder theory, and thereby be limited to the research involving this theory. Analysis regarding motivation, benefits from CSR activities, marketing strategies with CSR and similar research topics will not be included. This dissertation will be limited to researching how stakeholders influence CSR commitment in SMEs.

Also, this dissertation is limited to SMEs on the Swedish market. Hence, the results will reflect Swedish companies, and it will, therefore, not provide any conclusive answers for companies on foreign markets. However, assumptions can be made that similar relationships might exist on markets with similar characteristics.

2. Literary Review

In this chapter the stakeholder theory will be presented, defined and discussed. Five different stakeholders will be identified, each with a separate hypothesis. Finally, a model will be presented to provide a clear structure to the research approach.

2.1 Stakeholder theory

Since the aim of this study is to explain which stakeholders influence CSR commitment in SMEs, it is important to identify which the main stakeholders are. First, there will be a review of the Stakeholder theory, and how it is used to analyze companies. Secondly, the Stakeholder theory will be further discussed, providing arguments for the chosen stakeholders.

In 1984, Richard Edward Freeman introduced the Stakeholder theory. He defined a stakeholder as, “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 2010, p. 46). Therefore, a stakeholder can be defined as, any person or group of people affected by a company’s decisions. Stakeholders can be categorized into different groups; the most influential being the main stakeholders. Friedman (2006) defines the main stakeholders as: customers, employees, local communities, shareholders, suppliers and distributors. However, depending on the organization, these stakeholders have different amounts of power over a company. Also, an accepted notion is that an appropriate management of stakeholders can help with both risk reduction and improvement of social responsibility in a company (Jenkins, 2006).

Overall, large firms have, because of their size, multiple stakeholders to consider in their decision-making. On the other hand, SMEs primarily focus on their main stakeholders since they, in most cases, have limited resources. Campbell refers to this as slack resource theory (Claydon, 2011). This theory suggests that firms with limited resources in time, effort and money are less likely to engage in CSR.

Scholars have argued for different main stakeholders influencing CSR commitment. Company stakeholders are often divided into two main categories; internal and external stakeholders (Panayiotou, Aravossis, & Moschou, 2009). Internal stakeholders are within the company and external are outside the company. Fraj-Andrés et. al (2012) propose that the competitors and customers are the main external stakeholders

influencing CSR commitment. At the same time they argue that the main internal stakeholders influencing CSR commitment are the owner and employees. Cheng and Ahmad (2010) argue for a third external stakeholder, partners. They state that there is a ripple effect down and across the supply chain affecting all the companies' CSR commitment, especially SMEs.

SME owners generally have more influence in their company compared to owners in larger corporations. The owner is a main stakeholder in SMEs due to his management power on all markets. On some markets the owner of SMEs can possess a stronger legal responsibility, making him an even more influential stakeholder regarding CSR commitment (Jenkins, 2006). Also, owner views and values are of great importance since they possess high power in the organizations (Ya Fen, 2010).

Research shows that Stakeholder theory can be a key component of how SMEs perceive CSR. However, more research is needed to develop a theoretical framework in which SMEs and CSR could be best understood; particularly as most research excludes the micro-firms and smaller companies (Jenkins, 2006).

There are many different stakeholders in a company. This dissertation will focus on five main stakeholders, two internal and three external stakeholders. The internal stakeholders are owners and employees. The external stakeholders are customers, competitors and partners. These will be presented based on previous research and analyzed according to how owners of SMEs perceive CSR commitment of the different stakeholders. Finally, how the owner's perception affects CSR commitment of the SME will be investigated.

As illustrated in figure 2.1, this dissertation will rely on the Stakeholder theory to explain and argue for how SMEs perceive CSR commitment, and how that affects the SME's CSR commitment. This will be accomplished by explaining and identifying internal and external stakeholders, and argue for the influence these have on CSR commitment. Finally, there will be a hypothesis stated for each of the identified stakeholder.

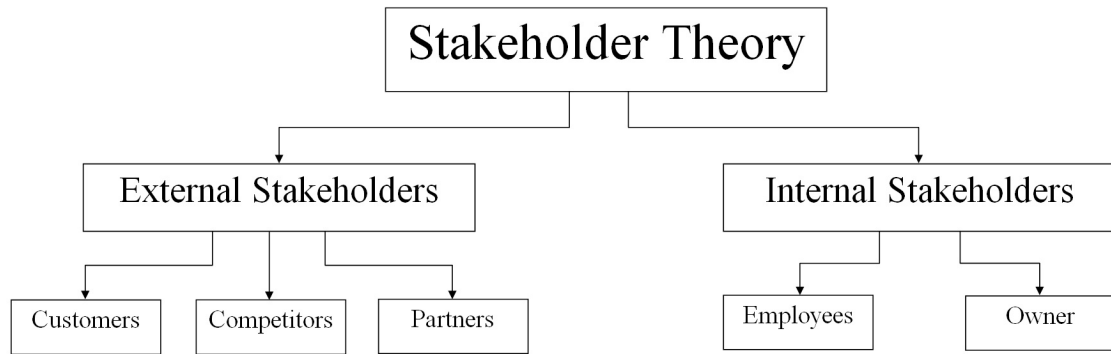


Figure 2.1 Thesis Stakeholder structure

2.1.1 External stakeholders influencing CSR commitment

External stakeholders are stakeholders outside an organization influencing the company's operations and results. Since these stakeholders are outside the organization, the companies are, in most cases, unable to influence them (Freeman, 2010). The inability to affect the external stakeholders makes them unique and important to analyze. According to Holme (2010), these stakeholders have to be taken into account when making long-term decisions. There are a number of external stakeholders in a company. The influence of these varies depending on market and size. This dissertation will focus on three external stakeholders, customers, partners and competitors. Many scholars argue for the importance of these stakeholders when researching CSR commitment (Fraj-Andrés et. al, 2012; Jenkins, 2006; Panayiotou et. al, 2009). The external stakeholders chosen will be presented, and argued for, below.

2.1.1.1 Customers

The first external stakeholder chosen in this dissertation is customers. Many scholars argue that customers are considered as a main stakeholder (Claydon, 2011; Fraj-Andrés etl. al, 2012). Customers' demand for socially responsible companies has increased significantly over the last decade (Santos, 2011). However, when investigating how customers CSR commitment is perceived by SMEs, other stakeholders need to be taken into account in order to measure and compare the level of customer influence.

In order to keep customers faithful to the company, a main objective is to keep customers satisfied; this has led to increased importance of CSR for organizations (Fraj-Andrés et. al, 2012). Customers have over the past years, been more actively concerned with social responsibility (Claydon, 2011). A survey conducted by Crane and Matten

(2007) supports this statement. Results from their survey showed that 60% of customers chose products from companies with high CSR commitment, rather than a company less responsible. Another survey, conducted by Boston consulting group, revealed two facts. First, 73% of the customers believed that companies should have a high CSR commitment. Secondly, there were more people in 2008 than in 2007 willing to pay a higher price for eco-friendly products (Claydon, 2011). At the same time, companies must ensure they are genuinely interested in CSR; otherwise, it can have the opposite effect leading to them being penalized by the customers (Fraj-Andrés et. al, 2012).

Customers' influence on CSR commitment is a common research topic. However, stating that customers is the most powerful stakeholder, giving companies incentives to CSR commitment, could be misleading. Researchers debate that consumption with environmental and other ethical considerations is an issue only for post-industrialized countries and people with high levels of income (Claydon, 2011). A reason is that customers with low income and poor living standard will not prioritize buying from socially responsible companies. Inhabitants in pre-industrialized economies often struggle to make ends meet, and do not have the ability to pay extra for responsibly developed products (Claydon, 2011).

Claydon (2011) presents yet another argument for the importance of customers as a stakeholder. She states that customers are the most influential stakeholders, which is why she created a new model where the customers are the main influencers of CSR commitment. Ultimately, companies have to convince customers in order to increase sales and revenue. Claydon's model does not argue exclusively for CSR commitment as a competitive tool, but how a company needs to supply the definitive demand; the customers.

In conclusion, companies need to be genuinely committed to their CSR. Otherwise customers might misinterpret or choose a product from another company. Therefore, customers is a vital stakeholder since their demand for higher ethical standards is increasing and they have high power over a company (Claydon, 2011; Fraj-Andrés et. al, 2012). Considering the stated arguments the following hypothesis can be derived:

Hypothesis 1 (H1): *High perceived CSR commitment of customers will result in a high CSR commitment in SMEs.*

2.1.1.2 Competitors

The second external stakeholder in this dissertation is competitors, recognized by many scholars as a main stakeholder in organizations. According to Holme (2010), competitors is a powerful stakeholder with a high influence on CSR commitment in SMEs. Organizations strive for higher CSR commitment, because of the publicity it brings them (Holme, 2010). CSR commitment can be used as a tool for competitive advantage regardless of company size. If a company prioritizes CSR, this enables the acquirement of customers who primarily focus on socially responsible organizations. Since the demand for socially responsible firms are increasing, the competitive angle can be considered. In this dissertation, the stakeholder competitors include the concept competitive advantage (Porter & Kramer, 2006).

CSR commitment makes businesses stronger, and helps them get a competitive advantage over their competitors (Porter & Kramer, 2006). Holme (2010) states that:

Successful organizations need a successful society where for example there is an educated workforce, safe products, sustainable resources and the rule of law. At the same time a healthy community needs successful organizations to generate the wealth, create jobs, improve standards of living, and pay taxes. And successful organizations need to be competitive. (p.184)

To simplify, CSR commitment can lead to competitive advantage. Numerous studies state that competitors have a high influence on companies CSR commitment (Baden et. al, 2009; Claydon, 2011; Fraj-Andrés et. al, 2012; Porter & Kramer, 2006). This means that, if competitors choose to increase CSR commitment, competitors have to follow (Porter & Kramer, 2006), otherwise, they will lose market shares. Fraj-Andrés et. al (2012) discuss the same relationship, stating that CSR commitment is often used as a tool to obtain competitive advantage. Such an advantage is necessary for the long-term perspective in an organization. Consequently, CSR commitment is often used as a competitive tool in post-industrialized countries, resulting in companies obtaining competitive advantage, but also forcing competitors to follow.

Competition has become more important for SMEs. One reason is that company size is not as crucial for a company's international activities as previously argued (Blombäck, 2009). Since competitors are competing on more than one market, they need to adapt. Therefore, CSR commitment has become a reality for most SMEs (Santos, 2011). In order to stay competitive, SMEs need to consider more than their home market in order

to stay competitive (Fraj-Andrés et. al, 2012). Post-industrialized countries with a high standard of living have beneficial prerequisites, for instance, holding their companies and their actions to a higher standard (Schwab, 2012). Therefore, Swedish SMEs has to adapt in order to acquire a larger market share or keep their position. CSR commitment is argued as a way for firms to make this adaption (Porter & Kramer, 2006). In contrast, SMEs on developing markets have not been forced to adapt and will therefore be less competitive on the international market; this fact also provides validity to competitors being a main stakeholder.

In sum, scholars argue for competitors as a main stakeholder for CSR commitment. The international competition is increasing as the market is becoming more global, leading SMEs exposed to more than just the local competition. Therefore, competitive advantage has been argued as a tool to gain market shares and can, therefore, be considered in a company strategy. Consequently, these arguments lead to the following hypothesis:

Hypothesis 2 (H2): *High perceived CSR commitment of competitors will result in a high CSR commitment in SMEs.*

2.1.1.3 Partners

The third and final external stakeholder in this dissertation is partners. Partners will be defined as anyone adding value or cooperating with a company, both upstream and downstream. Partners both upstream and downstream are large stakeholders since it is rare for SMEs to control the entire value chain, and a majority of SMEs have both a supplier and a buyer of their product in some way (Russo & Perrini, 2010).

The effect a partnership can have on a company is shown in numerous ways. Santos (2011) states that:

CSR appears as an important means of establishing cooperative relationships with suppliers and clients structured so as to promote the overall efficiency of the value chain or raising management standards in local business networks. Thus, being socially responsible becomes a management requirement given the highly competitive marketplace in which these companies are operating. (p.501)

In other words, market power can become a determining factor of CSR commitment in partnerships. If a company has a smaller market share and are gaining the most from collaborating; they will ultimately be more willing to make changes in order to comply

with the larger organization. It is common that large companies push smaller ones to put more resources on CSR; organizations pushing CSR commitment up, down and across the value chain is known as the ripple effect (Cheng & Ahmad, 2010). The relationship with business partners is important when discussing CSR commitment in a company (Santos, 2011). For SMEs this relationship is of great value due to their size and strength on a market. A majority of SMEs do not control the entire value chain and, therefore, depend on others to be successful.

As presented there are a number of reasons why a company should be aware of the power a partner may have. A company with high market power may have the possibility to control another company. If a company has a strong CSR commitment they might be eager to maintain that image and demand equal commitment from their partners (Cheng & Ahmad, 2010). A close relationship, with a good understanding of the partner company will enable obtainment of partners CSR commitment. This could help the organization to steer their partner towards their desired goal or vice versa (Nijhof & Jeurissen, 2010).

Partners of SMEs are of high relevance to study since these partners generally are the stronger part in the business relationship. Following a larger partners' way of conducting business is commonly beneficial for SMEs in the long-term perspective (Russo & Perrini, 2010). Larger companies possess a stronger negotiating position and it is, therefore, common for them to push the smaller companies into CSR commitment (Cheng & Ahmad, 2010). This means, SMEs must be aware of their position and the benefits of them considering changing in order to sustain long-term profitability (Russo & Perrini, 2010).

In sum, analyzing the SME's perception of stakeholders CSR commitment is of relevance for a number of reasons. The most argued is that SMEs are generally the weakest part of a partnership and are, therefore, forced to change in order to maintain this partnership. There are also other reasons, such as the knowledge a partnership can generate. These arguments provide support to the theory that partners are relevant to consider when researching SMEs. Consequently, the following hypothesis is derived:

Hypothesis 3 (H3): *High perceived CSR commitment of partners will result in a high CSR commitment in SMEs.*

2.1.2 Internal stakeholders influencing CSR commitment

Internal stakeholders are stakeholders with an effect on a company's operations and results within the organization. For SMEs it is vital to consider their internal stakeholders to ensure that the balance within the firm is maintained. Santos (2011) argues that an important aspect of keeping the company profitable and innovative is to make sure that internal stakeholders are satisfied and motivated. Since the aim is to investigate SMEs, two stakeholders, owner and employees, have been identified as the main stakeholders (Murillo & Lozano, 2006; Panayiotou et. al, 2009; Baden et. al, 2009; Cheng & Ahmad, 2010; Fraj-Andrés et. al, 2012; Nijhof & Jeurissen, 2010).

2.1.2.1 Employees

The first internal stakeholder that will be presented is employees. The employees are a significant part of a firm since they represent the culture of the organization and run the business processes within the firm. Therefore, it is crucial for firms to make sure that they remain satisfied. With an increasing competitive environment, it has become common to focus on ensuring comfort for employees (Murillo & Lozano, 2006). The cost of keeping an employee is preferred, to the recruiting process and training of new employees. Due to their importance in the company, employee satisfaction is important in order to keep the company profitable. It is especially evident in SMEs since they have few employees and, therefore, employees can be considered as main stakeholders.

The concern for CSR among employees results in companies implementing a more socially responsible approach (Panayiotou et. al, 2009). Likewise, firms must ensure that the employees are kept satisfied. Therefore, it is crucial for top management to ensure that employee values are considered when it comes to CSR commitment within the company. In the case of SMEs, the owner perception of employees' CSR commitment will have an effect on the CSR commitment of the firm (Cheng & Ahmad, 2010). Moreover, disgruntled employees can cause long-term damage to a company's reputation (Márquez & Fombrun, 2005). This means that, top management must guarantee that the employees remain pleased.

There are several researchers describing the link between CSR commitment and employee satisfaction, motivation and innovation (Baden et. al, 2009). High employee satisfaction has been argued to result in a more motivated and innovative working environment. Innovation has been described as a vital component for companies'

survival. Hence, keeping the employees motivated and, thereby, also increasing innovation is profitable from different perspectives. Deci and Ryan (2000) claim that employees will be more committed, creative and productive if their own values comply with the company's. Therefore, it is important for organizations to cherish employee values, as well as foster a culture of CSR to ensure the employees are intrinsically motivated to do their job.

Weber (2008) presents yet another argument for ensuring that the employees are valued in companies CSR commitment. He claims that CSR initiatives are a smart move from a business perspective. Moreover, he highlights five key areas in which positive relations can be created by firm's CSR commitment (Nijhof & Jeurissen, 2010). One of these areas is the positive effect on employee motivation, retention and recruitment; all three are elements that companies pursue. As discussed earlier, employee satisfaction is important to guarantee. Thus, firms with high CSR commitment can lead to employees feeling more motivated in their work. Consequently, from a business perspective, Weber's theory gives companies incentives to pursue CSR.

The level of commitment a company can get from their employees can be examined by the number of employees in the company. Research has shown that SMEs with 100-120 employees were more motivated to implement CSR activities and were ready for that challenge. This implies that smaller or even larger companies might have a greater challenge implementing CSR in a company and, therefore, need to put more effort in increasing CSR commitment (Jenkins, 2006). In other words, each employee's opinion carry more weight in smaller companies compared to larger ones. On the other hand, researches argue for the ideal size being between 100-120 employees when increasing CSR commitment; hence, it can be argued that a company should neither be too small nor too big. This also means that the employees' opinions in SMEs are considered to a greater extent by the company. This results in that employees have power over the organizations' CSR commitment. Hence, researching SMEs and their CSR commitment, the following hypothesis can be derived:

Hypothesis 4 (H4): *High perceived CSR commitment of employees will result in a high CSR commitment in SMEs.*

2.1.2.2 Owner

The second internal stakeholder affecting CSR commitment is the owner. There has been a debate on the importance of the owner as a stakeholder. Some researchers argue that the owner should be considered as the most important stakeholder. Fraj-Andrés et al. (2012) claims other internal stakeholders have the opportunity to change occupation. However, there is a difference in influence of the owner depending on company size. Smaller companies are controlled by the owner a greater extent than larger corporations are (Fraj-Andrés et al., 2012). Hence, SME owners are personally affected and interested in the company's results. Therefore, the owner has a higher interest in the firm's outcome than other internal stakeholders. This leads to that personal values of the owner are reflected in the organization's values. The stakeholder relationships for SMEs may not be different from those of MNEs; however, the management of these relationships is most likely different (Jenkins, 2006). Hence, there is a valid reason for considering the owner of a SME as a main stakeholder.

Many SMEs do not officially have specific CSR guidelines; however, many of them actually conduct CSR without knowing (Santos, 2011). There is a common confusion on the term CSR in SMEs (Jenkins, 2006). Small and medium size firms often refer to the actual activity instead of using the comprehensive terminology CSR. In SMEs it is also common that the organization's CSR commitment is influenced by the owner's personal views. If the owner has a strong view on social responsibility, it will most likely be reflected in the way the firm conduct business. Moreover, Baden, Harwood and Woodward (2009) found more evidence to support this theory. They found that the main motivation for SMEs to engage in CSR was the owner's personal drive. Hence, these findings suggest that the owners of SMEs are the main drivers for firm's CSR commitment. Consequently, the owner's subjective view will affect the CSR commitment in SME.

In sum, many researchers argue for the owner as a main stakeholder. Therefore, it is empirically interesting to test if the owner's personal values and opinions affect the company's CSR commitment. From these arguments the following hypothesis is derived:

Hypothesis 5 (H5): *High CSR commitment of the owner will result in a high CSR commitment in SMEs.*

2.2 Summary

In this study, the different stakeholders and their perceived CSR commitment is displayed with a model. The model illustrates the stakeholders presented in this chapter. The different stakeholders are categorized as internal and external ones, and they are both argued to have an impact on SMEs and their CSR commitment. Therefore, the aim of this dissertation can be illustrated as displayed in figure 2.2.

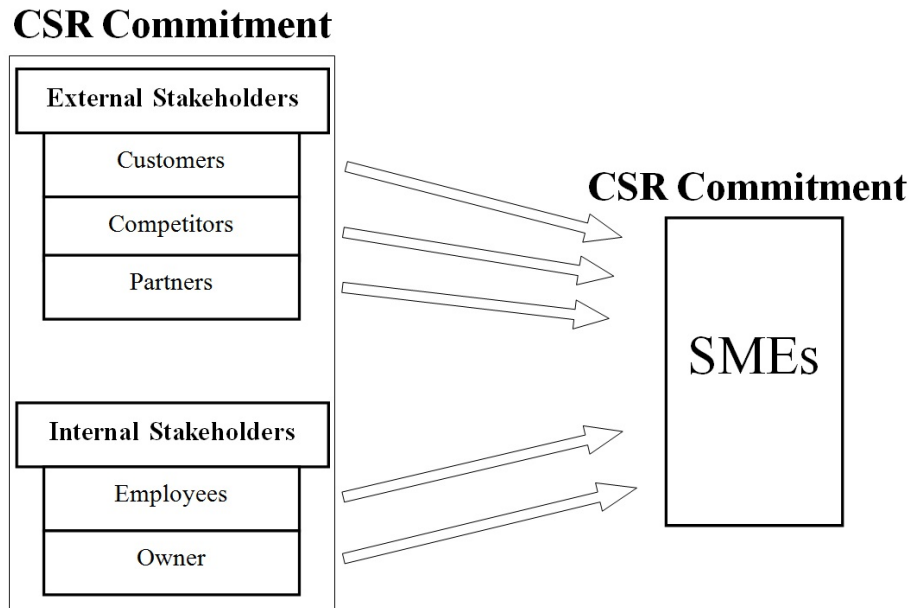


Figure 2.2 *Stakeholders influencing SMEs.*

The model is a simplification of the aim of the dissertation. All stakeholders investigated can be seen on the left side. These stakeholders are categorized as either internal or external. Using this model as a guideline, the dissertation will explain how the CSR commitment of the five different stakeholders affects the level of CSR commitment within SMEs. Additionally, it is the owners' perceived view of the SME stakeholders that will be presented according to this model.

3. Method

The third chapter will present the method used in this dissertation. This chapter is divided into two parts with its own subcategories, research method and empirical method.

3.1 Research method

The research method of this dissertation will be outlined by three parts, choice of methodology, research approach and choice of theory. These are presented in order to provide an understanding of how the research was conducted and how this dissertation is constructed.

3.1.1 Choice of methodology

The aim of this dissertation is to explain how stakeholders' corporate social responsibility (CSR) commitment affects CSR commitment in small and medium size enterprises (SME). This was achieved by deriving and testing hypotheses using a quantitative approach (Saunders, Lewis, & Thornhill, 2007). A survey was used to collect the quantitative data. The quantitative approach enables a large sample to be collected and thereby providing enough data to present significant results, and also to get a reliable answer to the research question. A quantitative study will also make it possible to cross-reference stakeholders and ultimately, reveal correlations worthy of further consideration. The results of this study will be compared with existing research on the subject in order to analyze any relationships. Finally, the companies participating in the study will be kept anonymous in order to provide confidence to answer truthfully, giving this dissertation legitimate result.

3.1.2 Research Approach

There are two main research approaches, the deductive and inductive approach. A deductive approach means that research is conducted by creating hypotheses, which are then tested with the collected data. The hypotheses are derived from previous studies and literature, creating new angles of incidence. This approach is commonly used in quantitative research, where the data collected enables testing of hypotheses.

An inductive approach is conducted by collecting data before forming hypotheses. The hypotheses are then derived from the collected data. The inductive approach is commonly used in qualitative research, as it is more suitable than a quantitative data

collection. Consequently, the difference between the two approaches is that deductive research builds hypotheses before collecting data, thereby testing the hypothesis afterwards; inductive does the opposite.

When deciding which approach to use, it is important to examine the characteristics and restrictions of the study. For example, a deductive approach commonly includes a large sample and a strict structure. This dissertation will make use of a survey to gather quantitative data that will be analyzed on a one-sample take. Firstly, research on the subject will be conducted. Secondly, hypotheses will be derived based on previous studies. Finally, empirical data will be collected to test the derived hypotheses. All the above are typical characteristics of a deductive research approach; hence, this dissertation will have a deductive approach.

3.1.3 Choice of theory

The theoretical foundation of this dissertation is the Stakeholder theory (Freeman, 2010). This theory is presented in order to provide a general understanding of the model. This dissertation argues that five different stakeholders are of main importance for SMEs, all derived from previous stakeholder research. Each of the five stakeholders is presented with theoretical support from a number of scholars, thus, providing support for the importance of the chosen stakeholders. These stakeholders were chosen since they are frequently mentioned in various research.

Generally, stakeholders are categorized into external and internal stakeholders. This categorization will be used in this dissertation to provide a more clear structure and make the presentation of the data collection more manageable. It will enable us to determine which stakeholders are important for SMEs.

3.2 Empirical Method

Below the empirical method will be presented. This method reveals how data was collected in the dissertation. There are a number of aspects to take into account when choosing an empirical method, which will be argued for below. The empirical method consists of research strategy, time horizon, data collection, sample, operationalization and data analysis. In the final section reliability and validity is discussed; here the implications of having the owner's perception will be considered and how this might affect the reliability and validity of the dissertation.

3.2.1 Research strategy

A research strategy can be descriptive, exploratory or explanatory, depending on the research approach. Since this dissertation used a deductive approach, an explanatory research was conducted. The purpose is to explain how CSR commitment of stakeholders affects CSR commitment in SMEs. However, explorative research was also conducted, in order to further investigate and explore the collected data.

According to Saunders, there are seven different research strategies: experiment, survey, case study, action research, grounded theory, ethnography and archival research. The research strategy should be guided by the research question and depend on existing knowledge, time and resources (Saunders et. al, 2007).

This dissertation will use a survey as a research strategy based on a number of reasons. Firstly, a quantitative approach has been chosen, thereby, a survey will enable to assemble a larger quantity of answers, providing more accurate data. Secondly, when conducting a quantitative approach a quantitative collection of data is preferred. To better test the derived hypotheses, a large number of answers are needed, advocating the use of a survey. The third and final reason is that the stated research question is more suitable for a survey since a larger number of answers can easier be obtained using a survey; thereby, providing a more accurate answer. All above reasons advocate the use of a survey (Saunders et. al, 2007).

3.2.2 Time horizon

Two different time horizons can be used when conducting a research, cross-sectional studies and longitudinal studies. According to Saunders et. al (2010), the cross sectional study is the most frequently used in research. This study is referred to as a “snapshot” of a phenomenon at a specific time (Saunders et. al, 2007, p. 148). In other words, the answers provided with this study will explain a phenomenon at the particular time the research was conducted. The longitudinal study is used to study both change and development during a longer time span. In other words, a longitudinal study is not a “snapshot”, it is a more time consuming study; researching a phenomenon during a specific period of time (Saunders et. al, 2007).

This research will use the cross sectional study due to two reasons. Firstly, this research being a quantitative study, with a deductive approach, suggests that a cross-sectional

study is more suitable. It is also argued that when a survey is conducted, the cross sectional study is preferred (Saunders et. al, 2007). Secondly, due to the time constraint of this dissertation, the longitudinal study is not suitable since it requires more time.

3.2.3 Data collection

The aim of this dissertation is to investigate how stakeholders' CSR commitment affects SMEs' CSR commitment. To make an accurate analysis of this subject, a large number of firms need to be studied. Survey is a suitable method for the data collection for two reasons. First, the reason question of the dissertation is appropriate to investigate by the use of a survey. Secondly, the requirement for accurate generalizations requires a large sample; hence, survey is appropriate.

Collecting data with a survey is beneficial from a time perspective, since more data can be collected in a short period. This is of relevance since a large sample is required to make accurate generalizations. Since the stated research question is to investigate how stakeholders' CSR commitment influences CSR commitment in SMEs, generalizations are made to provide an accurate explanation.

The measurement used in this dissertation is not an established instrument for measuring CSR commitment in SMEs. CSR commitment in SMEs is a relatively new area of study and therefore lacks established instruments of measurement. Hence, the questions used in the survey are developed on our own, based on previous studies (Turker, 2009).

Furthermore, it is important to ensure that data collection does not cause harm to a company or intrude on the participants' privacy (Saunders et. al, 2007). Anonymity was guaranteed in order decrease the risk of participants. Thereby, increasing the response rate

3.2.4 Sample

The population in this dissertation consists of SMES on the Swedish market. The European Commission defines SMEs as companies with less than 250 employees or a turnover equal or below 50 million Euros (Commission, 2009). This definition will be used in this dissertation. In order to reach the highest number of SMEs possible, a union consisting of SMEs was contacted. This union agreed to distribute the survey to their

members, thereby enabling us to obtain a large sample of SMEs. The sample was a convenient sample, controlled for size, measured by number of employees. Controlling for size helped when analyzing the sample and ensuring the correct size of the participating companies.

3.2.5 Operationalization

Saunders state that, “concepts need to be operationalised in a way that enables facts to be measured quantitatively” (Saunders et. al, 2007, p. 118). Therefore, the survey will be operationalized in order to provide a clear structure.

The survey was developed by studying previous research and basing the variables on these studies. The survey was divided into three parts; Control questions, independent variables and dependent variables. The control questions consisted of open and multiple-choice questions, and the independent and dependent variables were measured on a 7-point likert scale; ranging from not important to very important. The independent and dependent variables were measured by three concepts; *social*, *financial* and *environmental* responsibility. This was done to obtain a more comprehensive understanding of SMEs’ perception of CSR commitment.

3.2.5.1 Independent variables

The independent variables consist of 5 stakeholders: *owner*, *employees*, *customers*, *partners* and *competitors*. Each stakeholder is measured by three concepts; *social*, *financial* and *environmental* responsibility. These three concepts of CSR commitment are commonly argued main responsibilities for SMEs (Barkemeyer, 2011; Battaglia, Bianchi, Frey, & Iraldo, 2010; Blombäck, 2009; Fraj-Andrés et. al, 2012; O’Riordan & Fairbrass, 2008; Sones, Grantham, & Vieira, 2009). The survey questions are displayed in appendix A. The independent variables were measured by questions we have developed on our own. However, these questions were based on previous research on the subject (Turker, 2009).

Owners was measured by question 1-3. These three questions intended to measure the owner’s personal opinion of companies CSR commitment. *Employees* was measured by question 4-6. The intention of these questions was to measure the owner’s perception of employees’ CSR commitment. These two variables outline the measures of internal stakeholders in this dissertation.

Customers was measured by questions 7-9. These intended to measure the owner's perception of customers' CSR commitment. *Partners* were measured by questions 10-12 and intended to measure the owner's perception of partners' CSR commitment. Finally, *competitors* was measured by questions 13-15, with the intention to measure owner's perception of competitors' CSR commitment. The three variables above outlined the measures of external stakeholders in this dissertation.

The purpose of the survey and which concept each question measured was not revealed to the participants, in order to ensure they answered in a correct way. As mentioned previously, three concepts measured the stakeholders' CSR commitment (*social, financial and environmental* responsibility). To make sure that the respondents did not understand what concepts were measured, the questions were differently formulated. However, the questions still measured the intended concepts. The questions were structured as statements on a 7-point likert scale; thereby, receiving measureable answers of how CSR commitment is perceived by SMEs. The questions regarding both internal and external stakeholders can be seen in table 3.2.5.1; the concept each question measured is also displayed.

Table 3.2.5.1 Survey questions

Question Number	Stakeholder	Questions	Measured Concept
1	Owner	I personally consider making demands on subcontractors regarding working conditions to be...	Social
2	Owner	I personally consider setting aside financial resources for the benefit of employees to be...	Financial
3	Owner	I personally consider utilizing resources in an effective way, benefitting the environment to be...	Environmental
4	Employees	The employees at my company consider the opportunity for further education to be...	Social
5	Employees	The employees at my company consider being environmentally conscious to be...	Environmental
6	Employees	The employees at my company consider ethical requirements for subcontractors to be...	Financial
7	Customers	Our customers believe that higher environmental standards than what the law requires to be...	Environmental
8	Customers	Our customers believe that putting aside financial resources for the benefit of the employees to be...	Financial
9	Customers	Our customers find that policies against bribery to be...	Social
10	Partners	Our business partners believe caring for the environment to be...	Environmental
11	Partners	Our business partners believe employment benefit to be...	Financial
12	Partners	Our business partners believe business ethics to be...	Social
13	Competitors	Our competitors believe putting aside financial means for employee benefits to be...	Financial
14	Competitors	Our competitors believe efficient use of resources for the benefit of environmental to be...	Environmental
15	Competitors	Our competitors believe product and service responsibilities to be...	Social

3.2.5.2 Dependent variables

The three final questions of the survey regard SMEs' actual actions on the three measured concepts (*social, financial and environmental* responsibility). These three questions together measured the CSR commitment of the SMEs. The dependent variable (CSR commitment) is measured in the same way as the independent variables; using the concepts *social, economical and environmental* responsibility. The purpose is to measure the CSR commitment of the company; enabling to statistically investigate a relationship between the perceived CSR commitment of stakeholders and SMEs' CSR commitment.

3.2.5.3 Control variables

The first five questions of the survey measure control variables. The control variables investigate if the answers were influenced by a number of different factors.

Firstly, the control variables for the owner were outlined. Previous research has shown that gender often has an influence on CSR commitment (Dane, 2004; Turker, 2009); therefore, gender was included as a control question in order to investigate if the sex of the owner reflected their answers. Moreover, age of the respondent, is another common control variable used in the survey (Dane, 2004; Turker, 2009). The variable was used to investigate any significant differences in answers of the SME owners; testing if respondents of a certain age answer in a specific way. Previous research has found age as an influence on respondents' opinions regarding social responsibility (Dane, 2004; Turker, 2009).

Furthermore, company size need be controlled for (Dane, 2004). The European commission defines SMEs as an organization with maximum 250 employees (Commission, 2009); thus number of employees was used to control that the companies were SMEs, and also to identify possible outliers. Finally, the year the firm was founded was also controlled for to investigate possible differences in answers.

Since the population of the study was SMEs on the Swedish market, industry was controlled for (O'Mahoney & Timmer, 2009). This is used to ensure that differences in answers are not dependent on which branch the companies operate in; hence, the firms are categorized into different industries. The industries controlled for were: energy, finance, healthcare, industry, information technology, consumer goods, materials, service, telecommunication, transport and logistics, construction and building, and forestry and agriculture. If the firm could not be place in one of the industry categories, they had the opportunity to choose "other" and report their industry.

3.2.6 Data analysis

In order to conduct an accurate analysis, three main tests were conducted on the results. The first analysis was a reliability test called Cronbach's alpha, which revealed whether the survey questions measured what they intended to. The generated alpha values argue for the significance of the answers collected with the survey.

The second analysis used was Pearson's product moment correlation coefficient (Pallant, 2010). Pearson's correlation is an appropriate measure since this dissertation has a large sample. This allows control for correlation between variables, if the correlation is statistically significant. This will enable detection of relationships between variables, providing a more valid analysis of the data.

The third and final was factor analysis, which explained the patterns of the correlations, providing explanation for variables perceived as equal by the participants. This is a form of data reduction, identifying small numbers explaining most of the variance in the variables.

Finally, in order to perform the different analysis, the variables were calculated using summarized values. The sample was also divided into three different groups, providing a more accurate analysis and increasing the robustness.

Moreover, the analysis in this dissertation was divided into two parts. First, an explanatory analysis was conducted. The original independent variables (*owner, employees, customers, partner and competitors*) were tested using Cronbach's alpha. A regression test was then performed to test the derived hypotheses. Secondly, after the explanatory independent variables were tested, an explorative analysis was made. SPSS computed factors that were measured similarly. These factors were then compared with the explanatory independent variables (stakeholders). Finally, a correlation and regression test was conducted on the new factors to investigate the influence on the dependent variable (CSR commitment in SMEs).

3.2.7 Reliability and validity

Reliability of a research is to which extent that research will result in consistent findings. The consistency can be evaluated from three areas; will the research get the same result if conducted on a different occasion, will similar results be reached if another researcher conducted it and finally, was the reasoning of the raw data transparent (Saunders et. al, 2007).

Four reliability threats are argued for in research; subject or participant's error, subject or participant's bias, observer error and observer bias (Saunders et. al, 2007). The first one state, a researcher needs to take timing of the questionnaire into consideration. If

not, inaccurately positive results can be generated if the participants are in a good mood. The second one concerns a similar phenomenon, stating that interviewees may answer in a way they believe is desired by their boss, thereby, generating a positivistic view on the research results (Saunders et. al, 2007). The third issue, observer bias, regards how the researchers collect the data. For example, if different people conduct interviews, this needs to be acknowledged. Finally, the observer bias, if different people collect the data it could also be interpreted in more than one way. In other words, if data collection is conducted by more than one researcher this needs to be taken into account when conducting the analysis in order to project a reliable results (Saunders et. al, 2007).

Reliability threats are to some extent reduced with the 7-point likert scale questionnaire. Since a quantitative approach was used, the data was collected with a web-based survey. This means that the respondents can answer when they see fit and thereby reduce subject and participants' error and bias that might occur. However, there are also limitations with questionnaires. Respondents of a questionnaire could arguably be positive towards the research, thereby providing unreliable results. In order to make the answers as reliable as possible, the participants of the questionnaire were guaranteed anonymity, providing more trustworthy answers (Saunders et. al, 2007).

A questionnaire can reduce observer error and bias since interviewing skills and multiple interviewers are not an issue. A quantitative approach and 7 point likert scale enables the answers to be analyzed with statistical programs. This decreases risk of human error and misinterpretation of the data. However, there are limitations in observer issues as well. In this case, the analysis of the result can be misinterpreted since it was conducted by more than one person. Thereby, emphasizing the importance of collaboration in research.

Validity concerns whether the empirical findings can be analyzed as it appears. It is important to ensure that the findings of the dissertation are valid. There should be a causal relationship between the dependent and independent variables. To ensure this is the case, several factors must be considered which can threaten validity and thereby restrain the outcome of the research. In this dissertation, a large sample from a spread of different industries has eliminated external threats to validity.

One limitation, and thereby a possible validity threat, is that the research was conducted on the owners of SMEs. Thereby, the validity of their answers can be questioned; bosses are likely to talk well about the company. Saunders (2007) refers to this phenomenon as “good news“ syndrome. This phenomenon can limit to which extent results are generalizable; whether the findings are applicable to other research settings (Saunders et. al, 2007).

4. Results

Chapter 4 consists of three parts, presented in the following order: empirical findings, explanatory tests and exploratory tests.

4.1 Empirical findings

The number of respondents of the survey was 900. However, some of these companies had only one employee when including the owner. Hence, the owner is the only employee of the company. With this logic, the result of questions regarding the owner's view on CSR commitment is the same as the owner's perception of the employees. That is why we chose to exclude the companies with only one employee in order to eliminate these companies effect on the result. With the exclusion of these companies the number of responses was 612.

There were only 22.8% women and 77.2% men. However, there was a wide variety in age among these participants, ranging from 23 to 81 years of age, with a mean age of 52 years. The fact that most respondents are in the span between 40 and 65 is to be expected since this is the normal age of a company owner. A frequency table displaying statistics on the control variables' missing values, mean, range and standard deviation, can be found in appendix B.

4.2 Explanatory Tests

Below the arguments for, and results of the conducted tests will be presented. In all the tests there were some missing values since it was a large sample. However, this did not influence the outcome. The missing values for the conducted tests can be displayed in appendix B.

4.2.1 Cronbach's Alpha

The Cronbach's Alpha test was used to test the reliability of the empirical data by testing if the posed questions measure the intended concept. Cronbach's Alpha was used to get a higher robustness and to eliminate possible outliers. To have an acceptable value for reliability the alpha value should be over 0.7 (Pallant, 2010). However, as the instrument and model is new and untested, a lower value can be acceptable. The alpha values were individually tested for the internal and external stakeholders. Also in order to test for the robustness of the sample it was divided into three groups of 204 replies

per group. The alpha value was then tested in each group in order to identify any misleading significance a large sample might produce.

Customers has an alpha value of 0.606. When testing this measurement on smaller groups it generated numbers of 0.545, 0.643 and 0.617. As mentioned this will still be accepted since it is a new instrument and not significantly lower than 0.7.

Competitors has the strongest alpha value, 0.823 on the entire sample. Even when tested on smaller groups it generated significant alpha values. Tested on the smaller groups it generated values of 0.838, 0.839 and 0.779, resulting in successfully measuring competitors.

Partners has an alpha value of 0.725 on the entire sample. Tested on the smaller groups, the generated numbers were 0.771, 0.741 and 0.637. The instrument will be accepted even if one value is below 0.7.

Employees has a value of 0.762 on the entire sample, a successful measure. Tested on the smaller sample, the alpha value remained above 0.7 providing confidence in this being a successful measure of employees CSR commitment.

Owners has an alpha value of 0.662 on the entire sample. Again, we will accept this as a successful measurement since it is a new instrument and not significantly lower. Tested on the smaller groups the numbers were similar to the large sample and will therefore be considered valid.

4.2.2 Correlation test.

Correlation tests were conducted to reveal any patterns between the stakeholders, and to get an answer of how much the stakeholders influence CSR commitment. These results will then be tested with a regression analysis.

In order to provide a logic presentation of the correlations, answers from questions 1-3 were summed into the variable owner. The variable consisting of questions 4-6 were named employees. Questions 7-9 created customers and questions 10-12 created partners. Finally, competitors were outlined by questions 13-15 and CSR commitment was outlined by questions 16-18. Owner, employees, customers, partners and competitors outlines the independent variables and CSR commitment outlines the

dependent variable. To test the correlation between the dependent and independent variables a correlation test was conducted. Also, control variables were included in the correlation¹. The results from the test are illustrated in table 4.2.2.

Table 4.2.2 Correlation

Variable	CSR commitment	Owner	Employees	Customers	Partners	Competitors	Gender	Age	Number of employees
CSR commitment									
Owner	.644**								
Employees	.620**	.676**							
Customers	.545**	.521**	.526**						
Partners	.620**	.587**	.573**	.624**					
Competitors	.434**	.448**	.437**	.451**	.529**				
Gender	-.083*	-.159**	-.126**	-0.044	-0.076	-0.016			
Age	.156**	0.022	.190**	.173**	.107*	0.026	0.059		
Number of employees	.093*	0.026	0.065	0.005	0.032	0.04	0.039	0.053	
Company age	-0.004	-0.064	0.004	-0.018	-0.015	0.04	-0.018	.180**	.093*

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

As illustrated in table 4.2.2, there is a positive correlation all of the five stakeholders and CSR commitment.

Customers had a correlation of 0.545 towards CSR commitment, suggesting there is a correlation between CSR commitment of customers and CSR commitment in SMEs. *Competitors* have a correlation to CSR commitment of 0.434. This is lower than customers, but still a strong correlation. Finally, *Partners* correlation with CSR commitment was 0.620, a stronger correlation than both customers and competitors.

Employee's correlation with CSR commitment was 0.620, suggesting a strong correlation between employees and CSR commitment. *Owner* also showed a strong correlation of 0.644. This indicates that both of the internal stakeholders have a strong correlation to CSR commitment of SMEs.

There were a significant correlation between some of the control variables (gender, owner age and number of employees) and the dependent variable. Moreover, it was found that the independent variables (customers, competitors, partners, employees and

¹ Industry was initially included as a control variable in all tests conducted in this dissertation. Since this variable showed very little significance it was excluded in order to eliminate confusion.

owner) were highly correlated with one another. To make sure this did not threaten the analysis, a regression test was performed to test for multicollinearity.

4.2.3 Regression test.

The regression test was performed on the independent, dependent and control variables. This test is conducted in order to provide evidence that a research is in fact statistically significant and provides information to the desired topic. Illustrated in table 4.2.3 is the adjusted R-square value for the regression analysis. The adjusted R-square value was 0.535, stating that the model explains 53.5% of the variance in perceived CSR commitment.

The model was highly significant, since it reported an F-value of 58.732; displaying significance value of less than 0.000. The constant value was 3.404, also statistically significant. Finally, the model generated very low standard errors, ranging from 0.033 to 0.044.

In table 4.2.3 the Beta-values are presented for each stakeholder. As displayed Beta-values range from 0.063 to 0.295, explaining to what extent the various stakeholders affect CSR commitment. The control variables are also included in order to test for their significance in the model. One control variable was found significant, number of employees.

VIF-values are an indication on whether there are multicollinearity issues between the stakeholders. As previously illustrated in the correlation matrix there were high correlations between the stakeholders. The VIF-values were below 2.5, indicating that there was no multicollinearity between the stakeholders. Therefore, it can be proven that all the stakeholders are statistically significant and, thereby, add valid information to the model.

Table 4.2.3 Regression

Variables		Beta	Std. Error
Independent variables	Owner	0.295***	0.043
	Employees	0.196***	0.04
	Customers	0.071	0.036
	Partners	0.269***	0.044
	Competitors	0.063	0.033
Control variables	Gender	0	0.237
	Age	0.046	0.01
	Numberofemployees	0.079*	0.003
	Companyage	0	0.004
	Constant	3.404***	0.764
	F-value	58.732***	
	Adj. R-square	0.535	

†p<.1; *p<.05; **p<.01; ***p<.001

Dependent Variable: CSRcommitment

4.3 Explorative tests

In order to provide more validity to the research, further explorative tests were conducted with factor analysis; also, correlation tests and regression analysis on these factors. The results of these tests are presented below.

4.3.1 Factor analysis

In order to determine the number of factors measured with the posed questions, a factor analysis was conducted with SPSS. The analysis was conducted on the independent variables in order to determine whether the questions had been interpreted in the intended way. All 612 participants were included in the sample. The factor analysis illustrated that 4 factors were measured. The KMO-value was 0.881, which is above 0.6 (Pallant, 2010). Also, Bartlett's Test of Sphericity showed that the factor analysis was highly significant, reporting a value of 0.000 (Pallant, 2010).

In order to determine the number of factors measured with the posed questions, a factor analysis was conducted with SPSS. The analysis was conducted on the independent variables in order to determine whether the questions had been interpreted in the intended way. All 612 participants were included in the sample. The factor analysis illustrated that 4 factors were measured.

Factor 1 consisted of questions regarding owners and employees. This reveals that the two internal stakeholders were perceived similarly. Furthermore, 4 of 5 questions in *factor 1* were regarding environmental or social issues, indicating a distinction between how SME perceive financial issues and how they perceive environmental and social. *Factor 2* involved four questions, which all regarded customers and partners, indicating that the owner of SMEs perceives these two stakeholders similarly. *Factor 3* included three questions, which did not concern the same stakeholder. However, they did include the same concept; financial CSR. This supports the findings indicated in factor one; namely, social and environmental are perceived similarly and that financial is distinctly different. *Factor 4* consisted of three questions, all regarding competitors. The result of this is that competitors have a distinct difference from the other stakeholders.

To provide further evidence of the factor categorizations factor analysis was conducted on smaller samples; 204 per sample instead all 612. The same factors were generated even though there was a small change in cross loading between the factors. However, the same concepts and stakeholders were included in the factors. Hence, the four factors generated on the large sample are valid. To conclude, the four factors can be categorized as employees and owners (factor 1), customers and partners (factor 2), financial CSR (factor 3) and competitors (factor 4).

4.3.2 Correlation analysis

A correlation test was conducted on the four factors. Similar to the first correlation test, the independent variables showed a clear correlation with the dependent variable, reporting higher values in factor 1 and 2 (0.521, 0.454); however, lower scores on factor 3 and 4 (0.210, 0.212). These values suggest that there is a positive correlation between the independent and dependent variables.

Control variables were used to study if they affect the independent and dependent variables. Displayed in table 4.2.3, are the control variables: gender, age, company age, and number of employees. The control variables: gender, age and number of employees were found to have a significant correlation with CSR commitment. To test if these variables significantly influence the dependent variable, a regression analysis was conducted.

Table 4.3.2 Correlation

Variables	CSR commitment	REGR factor score 1	REGR factor score 2	REGR factor score 3	REGR factor score 4	Gender	Age	Number of employees
CSR commitment								
REGR factor score 1	.521**							
REGR factor score 2	.454**	0.046						
REGR factor score 3	.210**	-0.028	0.01					
REGR factor score 4	.212**	0.046	-0.031	0.01				
Gender	-.083*	-.203**	-0.049	0.052	-0.001			
Age	.156**	.116**	.179**	-0.048	-0.046	0.059		
Number of employees	.093*	0.069	0.02	-0.041	0.041	0.039	0.053	
Company age	-0.004	-0.015	0.023	-0.091*	.092*	-0.018	.180**	.093*

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

4.3.3 Regression analysis

There were no high correlations between the factors in the correlation test. Therefore, multicollinearity was not an issue. This was also proven with the VIF-values on the regression analysis. The adjusted R-square value suggests that the model explains 54.3 % of the variance in perceived CSR commitment. Hence, the model is valid since 54.3 % is a very high explanation of the model variance.

The model was highly significant, since it reported an F-value of 68.027; displaying significance value of less than 0.000. The constant value was 16.386, also generating a very high significance value. Finally, as seen in table 4.3.3, the regression presented very low standard errors, ranging from 0.096 to 0.104.

Table 4.3.3 Regression

Variables	Beta	Std. Error
Independent variables		
REGR factor score 1	0.51***	0.104
REGR factor score 2	0.431***	0.097
REGR factor score 3	0.238***	0.096
REGR factor score 4	0.219***	0.096
Control variables		
Gender	0.017	0.237
Age	0.01	0.01
Number of employees	0.072*	0.003
Company age	-0.013	0.004
(Constant)	16.386***	0.522
F-value	68.027***	
Adj. R-square	0.543	

†p<.1; *p<.05; **p<.01; ***p<.001

Dependent Variable: CSR commitment

5. Analysis

The analysis chapter is outlined by three parts: explanatory analysis, exploratory analysis and finally a conclusion.

5.1 Explanatory analysis

As presented in the previous chapter, the five stakeholders were first tested with Cronbach's alpha in order to provide evidence that the intended concepts were measured. The test revealed that variables: *competitors*, *partners* and *employees* all generated values above 0.7 and they were, therefore, successfully measured. On the other hand, *customers* and *owners* generated numbers below 0.7. However, they were not significantly lower and are, therefore, accepted. The instrument used in this dissertation is new and developed mainly on our own, providing a certain room for acceptance in this matter. The lower alpha values on these stakeholders could be explained by two reasons. First, SMEs might perceive *customers* similarly to other stakeholders. This can explain why customers received a lower alpha value, since SME owners might be unclear on how *customers* differ from the other external stakeholders. Secondly, *owners* and *employees* can be difficult to separate for SMEs. In smaller companies, the owner and employees work closer together than in larger corporations. This can result in owners perceiving themselves similarly to the employees, resulting in shared values and views of CSR commitment. These two reasons are possible explanations of the lower alpha values.

Correlation tests were conducted to identify to which extent the different stakeholders' CSR commitment correlated with CSR commitment in SMEs. Correlation tests showed that there is a positive correlation between CSR commitment (dependent variable) and all stakeholders (independent variables). However, there were also correlations among the different stakeholders, hence, multicollinearity was tested for. Subsequently, a regression test was performed. The results showed that VIF-values ranged from 1.016 to 2.031. None exceeded 2.5, indicating that multicollinearity was not an issue. Furthermore, the adjusted R-square indicated a very high explanation of the model variance (54.5%). In other words, the provided model explains a very high level of the variance in perceived CSR commitment (dependent variable).

The regression analysis provided significance levels for each of the different stakeholders. *Partners*, *owners* and *employees* had significance levels of 0.000. Therefore, results generated from these stakeholders are valid for testing the derived hypotheses. However, *customers* and *competitors* did not receive as high significance levels as *partners*, *owners* and *employees*, reporting values of 0.104 and 0.105. Scholars argue that hypotheses can be tested on a 90% confidence interval (Sánchez Ballesta & García-Meca, 2005); hence, measures with a 10% significance level can be approved. It can therefore be argued that these two stakeholders are approved for testing. As previously mentioned, the instrument used in this dissertation we developed on our own. The new instrument, in combination with the significance levels for both *customers* and *competitors* approaching the 10% level, provides a valid argument for accepting both these stakeholders despite the significance levels exceeding 10%.

Control variables were also included in the regression analysis. However, only one of these variables proved to be significant, and that is *number of employees*. This variable reported a significance value of 0.015, indicating that larger companies are more CSR committed. The other control variables tested were gender, company age and age of the owner. However, none of these generated significant values, ranging from 0.176 to 0.997.

The regression also presents standardized Beta-values for the independent variables and the control questions, indicating to which extent they contribute to the explanation of the dependent variable (Pallant, 2010). As displayed in table 4.2.3, *owner* is the stakeholder that provides most explanation to CSR commitment in SMEs, generating a Beta-value of 0.295. Additionally, both *partners* and *employees* also provide a high explanation of the dependent variable, reporting Beta-values of 0.196 and 0.269 respectively. Customers and competitors provide the lowest degree of explanation to the dependent variable, reporting Beta-values of 0.071 and 0.063. As mentioned when presenting the significance levels, this can be influenced by how SMEs perceive these stakeholders. The lower explanation degree of these two stakeholders could be a result of the owner perceiving the stakeholders similarly. However, the lower explanation degree could also be a result of these two stakeholders having less influence on SMEs CSR commitment. Moreover, when analyzing the significant control variable (table 4.2.3), *number of employees* reported a Beta-value of 0.079. This means that number of

employees has a statistical significance in CSR commitment of SMEs. Thus, the Beta-value is relevant for the explanation of CSR commitment. Previous research has argued that size is a determinant for CSR commitment (Blombäck, 2009); it is, therefore, reasonable that number of employees has an influence on CSR commitment in SMEs.

All the hypotheses were tested with the results of the correlation and regression tests. Furthermore, exploratory testing was conducted since *customers* and *competitors* showed lower values in the explanatory test's alpha, correlation and regression, compared to *owner*, *employees* and *partners*. These inconsistencies can be a result of multicollinearity. Therefore, factor analysis will eliminate these issues.

5.1.1 Hypotheses testing

This study presents five hypotheses. Evidence for whether to accept these or not, and how to interpret them will be based on the correlation and regression analysis. As mentioned, *customers* and *competitors* did not receive as high significance values as *partners*, *owner* and *employees*. However, as *customers* and *competitors* did approach the 10% significance level these will be accepted since a new instrument was used to measure these stakeholders. The five hypotheses are displayed below:

H1: *High perceived CSR commitment of customers will result in a high CSR commitment in SMEs.*

H1 was tested with the independent variable, *customers* (questions 7-9). According to correlation tests, *competitors* displayed a positive correlation with CSR commitment (0.434). A regression test was conducted in order to ensure that the variable (*customers*) affected the dependent variable (CSR commitment). The test revealed a Beta-value of 0.083. Therefore, the derived hypothesis is accepted since it has been statistically proven that the owner's perception of customers CSR commitment contributes to the explanation of the dependent variable, CSR commitment in SMEs.

H2: *High perceived CSR commitment of competitors will result in a high CSR commitment in SMEs.*

H2 was tested with the independent variable, *competitors* (questions 13-15). The correlation test displayed a positive correlation between *competitors* and CSR

commitment (0.545) and the regression analysis revealed a Beta-value of 0.063. Consequently, the derived hypothesis is accepted since it has been statistically proven that the owner's perception of competitors CSR commitment contributes to the explanation of the dependent variable, CSR commitment in SMEs.

H3: High perceived CSR commitment of partners will result in a high CSR commitment in SMEs.

H3 was tested with the variable *partners* (questions 10-12). Correlation testing revealed a correlation with the dependent variable of 0.620. The regression analysis revealed a Beta-value of 0.269. Subsequently, based on the same premise as the previous two hypotheses, the derived hypothesis was accepted.

H4: High perceived CSR commitment of employees will result in a high CSR commitment in SMEs.

H4 was tested with the variable *employees* (questions 4-6). Correlation tests revealed a correlation of 0.620 with the dependent variable. *Employees* produced a Beta value of 0.196 in the regression test. Consequently, H4 was accepted.

H5: High CSR commitment of the owner will result in a high CSR commitment in SMEs.

H5 was tested with the variable *owner* (questions 1-3). The variable has a correlation of 0.644 with CSR commitment. The regression analysis generated a Beta-value of 0.295. H5 is therefore also accepted.

In conclusion, the five hypotheses were all accepted. This was proven by correlation and regression tests. All the stakeholders have a positive correlation with the dependent variable, and a Beta-value supporting their contribution to the explanation of the dependent variable, CSR commitment in SMEs.

5.2 Exploratory tests

Exploratory testing was conducted to further develop the explanatory stakeholder model of CSR commitment in SMEs. Explanatory tests displayed inconsistent results of the contribution stakeholders had on CSR commitment. Subsequently, a factor analysis was conducted to derive new factors influencing CSR commitment in SMEs. Gathered from the results of the factor analysis, four factors were derived. Before these figures were

analyzed further, it could be seen that at least two stakeholders were perceived similarly. Five stakeholders were measured in the explanatory testing, however, SPSS only derived four factors. After concluding this, the factors were analyzed further to investigate which stakeholders were perceived similarly.

Factor 1 indicates that owners perceived employee's CSR commitment similarly to their own since the internal stakeholders (*owner* and *employee*) were categorized as one factor. Previous research has shown that, in SMEs, values of the owner are often reflected in the employees (Fraj-Andrés et. al, 2012); therefore, the factor can be argued as a valid measure. It can also be argued that owners in smaller companies have a closer relationship with their employees, leading to them having similar interests in the company.

Factor 2 categorizes *customers* and *partners* in the same factor. This suggests that SMEs perceive customers and partners similarly. A reason might be that consumers are not the main customers for most SMEs. Consequently, firms act in business-to-business relationships where partners and customers are often perceived as the same. Scholars have argued for this to be common for SMEs since smaller organizations often are pushed towards CSR commitment by larger firms in the value chain. The reason being, SMEs seldom control large parts of the value chain and, therefore, rely on relationships with partners and customers. Hence, partners and customers have similar relationships with SMEs (Cheng & Ahmad, 2010).

Factor 3 does not consist of a specific stakeholder. However, the questions included in this factor all regarded the same concept, *financial CSR*. These findings suggest that SMEs perceive *financial CSR* distinctly different from the other measured concepts, *social* and *environmental* responsibility. Santos (2011) discusses the financial obstacles SMEs can encounter when implementing CSR. She suggests that CSR commitment is linked with the financial performance of the firm. SMEs often have a limited budget and therefore have financial barrier regarding CSR commitment and are, thereby, closely controlling their outputs. The findings in this dissertation suggest that SMEs consider the concept financial CSR separate from stakeholders as well as the other measured concepts *environmental* and *social* responsibility.

Factor 4 categorizes competitors as an independent factor. These findings suggest that the variable, *competitors*, was measured appropriately in the explanatory testing. This suggests that competitors can be measured as a factor when investigating CSR commitment in SMEs. Porter and Cramer (2006) argue that competitors should be considered when deciding on CSR commitment in SMEs. This is supported by the findings in this dissertation.

A correlation test was conducted on the derived factors and control variables, testing the correlation with the dependent variable. All the factors displayed positive correlations with the dependent variable. However, it was also found that there were positive correlations between some of the control variables (*gender, owner age and number of employees*) and CSR commitment. A regression test was conducted in order to control for multicollinearity.

Similar to the explanatory testing of the stakeholders, the regression analysis revealed an adjusted R-square value of 54.3%. This suggests that the new model explains a high level of the variance in perceived CSR commitment, thus, providing a high validity to the model. Further support to the validity was also provided by the theoretical evidence for the derived factors.

Subsequently, the significance values for the factors and control variables were investigated. As the factors were generated by SPSS they were all highly significant, displaying a value of 0.000. However, as the case in the explanatory testing, all control variables were non-significant except for one (number of employees). Gender, owner age and company age significance values ranged from 0.612 to 0.762. However, number of employees was shown to be a significant variable when the regression test was conducted, reporting a significance value of 0.025. These findings suggest that CSR commitment is influenced by firm size. Previous research has shown similar results, stating that size is a factor in CSR commitment (Blombäck, 2009).

When the variables that were significant to the factor model were established (factor 1-4 and number of employees), the Beta-values for these were investigated to see the extent they contributed to the explanation of the dependent variable (Pallant, 2010). As illustrated in table 4.3.3, *factor 1* provided most explanation to the new model of CSR commitment in SMEs, displaying a Beta-value of 0.51. *Factor 2* also offered a high

explanation of the dependent variable, reporting a Beta-value of 0.431. Moreover, *factor 3* and *factor 4* showed lower Beta-values, 0.238 and 0.219 respectively; hence, a lower explanation of the dependent variable compared to the first two factors. Finally, the control variable, *number of employees*, reported a Beta-value of 0.072; the weakest of the variables included but can, however, be considered as it was shown to be of relevance.

5.3 Conclusions

To conclude, all hypotheses were accepted since the hypotheses were approved by explanatory tests. Additionally, further exploratory tests were conducted with factor analysis. Owner and employees (*factor 1*), partners and customers (*factor 2*), financial CSR (*factor 3*) and competitors (*factor 4*), were the generated factors. These factors were tested with correlation and regression analysis in order to test the level of explanation of the factor model, investigating CSR commitment in SMEs. Similarities between the results of the explanatory and explorative research will be presented below.

Factor 1 consists of the variables *owners* and *employees*, indicating that these stakeholders are measured similarly. This factor generated the highest Beta-value of all the factors (0.510). The explanatory tests also revealed high Beta-values on owners and employees. Hence, internal stakeholders provide high explanation of CSR commitment in SMEs. Since owners and employees reported the highest Beta-values in both the explanatory and exploratory tests, it can be concluded that internal stakeholders are of high importance for CSR commitment in SMEs. It can also be concluded that the instrument used to measure employees and owners generated similar answers, providing evidence for SME owners perceiving their values similarly to the employees.

Factor 2 consists of *partners* and *customers*, indicating that these stakeholders also are measured similarly. Factor 2 generated a high Beta-value, 0.431. However, the explanatory test showed a low Beta-value for *customers* (0.071) and a high value for *partners* (0.269). The difference between these stakeholders in the explanatory research can be explained by multicollinearity. In other words, customers reported a low Beta-value in the explanatory test since they were measured similarly with partners. Customers also had a lower significance value than partners. These findings suggest that *factor 2*, which categorized *partners* and *customers* as the same factor, is a better measure for CSR commitment in SMEs than measuring them as separate variables.

Using a factor analysis also eliminates the risk of multicollinearity between factors. Therefore, partners and customers are more accurately measured in the exploratory test. In sum, partners and customers are more accurately measured as a single factor when measuring CSR commitment in SMEs.

Factor 3 does not consist of a specific stakeholder. The factor regarded the concept, *financial CSR*. The regression analysis of this factor proved that *financial CSR* was successfully measured. These findings suggest that, CSR commitment in SMEs is more influenced by financial matters than with social and environmental matters. The Beta-value of *factor 3* was 0.238, which is lower than *factor 1* and *factor 2*, but not lower than *factor 4*. Therefore, the financial concept did not provide the highest explanation for CSR commitment in SMEs, but it had a higher measured influence than competitors.

Factor 4 consists of one stakeholder, *competitors*, which suggest that competitors were successfully measured with the instrument in the explanatory research. However, competitors had the lowest Beta-value in both the explanatory (0.063) and exploratory tests (0.219). In the explanatory research, *competitors* was accepted with a significance level of 10.5 %. However, *factor 4* was highly significant, reporting a value of less than 0.000. Again, it can be concluded that the significance level was higher due to the elimination of multicollinearity when conducting a factor analysis. Therefore, the regression analysis of *factor 4* suggests that competitors were successfully measured, and that competitors provide the lowest explanation to the explanatory model and factor model.

Finally, the exploratory tests further developed the model from the explanatory tests. The factors contributed to establishing the factor model are displayed in figure 5.3. The factor model includes the factors derived in this dissertation. *Factor 1* is *owners and employees*, *factor 2* is *partners and customers*, *factor 3* is *financial CSR* and *factor 4* is *competitors*. All these factors have proven to significantly provide explanation of the dependent variable, CSR commitment in SMEs. These factors can be used to measure CSR commitment in SMEs.

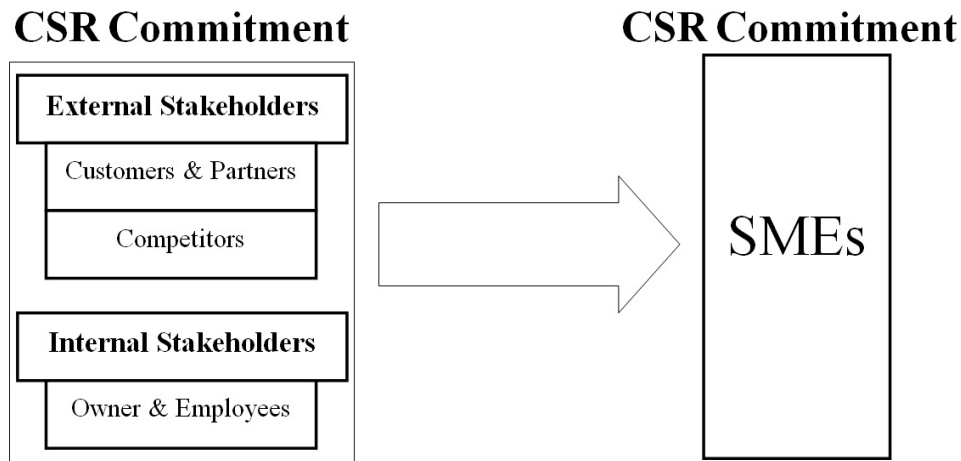


Figure 5.3 Factor model

The factor model (illustrated in figure 5.3) displays the factors, which were measured when studying CSR commitment in SMEs. As seen, the external stakeholders are grouped into two factors measuring stakeholders' CSR commitment, *customers and partners*, and *competitors*. The internal stakeholders' CSR commitment is measured by one factor, *owner and employees*. Even though it was generated as a factor, the concept, *financial CSR* was not included in the model since it did not concern specific stakeholders. Using the factor model, stakeholders' affect on CSR commitment in SMEs can be explained; however, findings in this dissertation suggest that there are more factors that can be considered when investigating CSR commitment in SMEs.

6. Thesis Conclusions

In the final chapter of this dissertation four parts will be included. These are a summary of the dissertation, theoretical contribution, methodological contribution, practical relevance, ethical reflection and further research.

6.1 Summary of dissertation

The aim of this dissertation is to explain how stakeholder CSR commitment affects CSR commitment in SMEs. This was outlined by the following research question.

How does perceived CSR commitment of internal and external stakeholders influence CSR commitment in SMEs?

This was based on existing research on the subject. The theoretical framework of this dissertation was the Stakeholder theory developed by Freeman (2010). Five stakeholders were chosen from research regarding the stakeholder theory. These stakeholders were divided into external (Customers, competitors and partners), and internal stakeholders (owner and employees).

A quantitative approach with a survey to collect empirical data was used in this dissertation. The survey measured SME owners' perception of CSR commitment from three concepts; Social, financial and environmental responsibility. These concepts were used in order to obtain a comprehensive view of CSR commitment. The collected data was then analyzed with statistical tests performed with SPSS.

In order to test the hypotheses, Pearsons correlation was conducted on the stakeholder variables (independent) and CSR commitment (dependent). It was found that all stakeholders had a positive correlation with CSR commitment. These relationships were tested with a regression analysis. The results of the regression revealed that all stakeholders were significant and presented Beta-values supporting evidence to accept all the derived hypotheses.

To obtain a deeper understanding, further tests were conducted on the sample. The results of these tests revealed that four factors were measured with the survey. When analyzed further, it was found that the internal stakeholders are perceived as similarly by SMEs. The external stakeholders, partners and customers, are also perceived

similarly by SMEs. Competitors on the other hand were perceived as a strong factor on its own, also suggesting that it was successfully measured. Finally, financial CSR was considered as a strong concept for all stakeholders. In other words, the four factors revealed in the research were *owner* and *employees*, *partners* and *customers*, *competitors* and *financial CSR*. The model generated with this study provided a 54.5% explanation of the variance, giving this research high validity. This model was also tested with the control variables: owner age, gender, industry, company age and company size. None of these had a significant impact on the dependent and independent variables. Hence, the model is applicable to all SMEs without regard to these controls variables.

In conclusion, the stated research question can be answered since a number of tests have been conducted. The question can be answered accordingly: High perceived CSR commitment of internal and external stakeholders influence CSR commitment. This is evident since, when stakeholders' CSR commitment increases CSR commitment also increases in SMEs. However, all stakeholders do not have influence on SMEs, and also, some stakeholders are perceived similarly. The bottom line is that high stakeholder CSR commitment results in high CSR commitment in SMEs.

6.2 Theoretical contribution

The theoretical contribution of this dissertation consists of the conclusion that internal and external stakeholders' CSR commitment has an influence on CSR commitment in SMEs. This was proven with a number of tests, both explanatory and exploratory. Therefore, it is shown that there is a relationship between stakeholders and SMEs, regarding their CSR commitment.

6.3 Methodological contribution

This dissertation provides two main methodological contributions: Firstly, the new instrument for measuring CSR commitment in SMEs and, secondly, the derived model for CSR commitment in SMEs, the factor model.

CSR commitment in SMEs is a fairly new area of research, and therefore lack established instruments of measurement. However, based on previous research, we have developed 15 questions that have proven to be valid in measuring CSR commitment in SMEs. This is evident from the test results these questions and answers generated. The

new instrument can be used for further studies on CSR commitment SMEs. As presented, some questions were not interpreted as intended. This does not necessarily mean that the question was formulated wrong. It could be that owners perceive the measured stakeholders differently. This could be seen when the factors were generated; *owners* and *employees* were categorized in *factor 1* and *partners* and *competitors* were categorized in *factor 2*. This suggests that SMEs might perceive two different stakeholders similarly. Hence, identifying these stakeholders before further developing the instrument might be of relevance.

The second methodological contribution is a result of the explorative research in this dissertation. The factor analysis revealed that SMEs might perceive two different stakeholders similarly, and thereby assessing them in the same way. The factors identified in this dissertation points to such a conclusion. These factors could be considered when conducting further research. The four factors presented in this dissertation reveal a pattern on how SMEs perceive stakeholders and how they perceive different CSR concepts (social, environmental and financial responsibility). In other words, SMEs might see CSR commitment concepts as more influential than specific stakeholders, something worth further consideration.

6.4 Practical relevance

The practical relevance of this dissertation is contribution to the unexplored subject of SMEs. There is a need for further research on CSR in SMEs. Therefore, the results of this dissertation can help both owners of SMEs and future researchers to understand how SME owners perceive CSR. Also, the answers provided in this dissertation might inspire scholar to further research the subject. SMEs outline the majority of companies on the European market, and thereby, provide relevance for understanding SMEs.

6.5 Ethical reflection

Corporate social responsibility is a concept of ethics, sustainability and responsibility. When investigating the subject, ethical issues can occur. In this dissertation we have considered ethical issues that might appear. The main ethical issue concerns data collection. The respondents are vulnerable since they might not know how their answers will be used. To make sure that the respondents felt safe answering the question in the survey, several considerations were made.

First and foremost, anonymity to all respondent was guaranteed. Secondly, the respondents were informed about the indented use for the survey, without revealing what was measured. Thirdly, the respondents received our contact information so that they had the opportunity to contact us. Additionally, we informed the respondents that they could receive our dissertation when it was finished so that they could control that we had used the collected data appropriately. Moreover, results were electronically measured, eliminating the risk of detecting those unwilling to answer. Finally, to ensure that we did not have any personal information on the respondents, the database of SMEs was not accessed by us personally. Instead, the people responsible for the database distributed the survey on our behalf. All the issues identified above, were considered to minimize ethical threats.

6.6 Further research

Findings from this dissertation suggest how to measure CSR commitment in SMEs and how different stakeholders and factors contribute to the factor model. The data collection was performed with a time constraint and, therefore, conducted with a quantitative approach. However, it could be interesting to further investigate what the reasons for the presented results are. Therefore, using a qualitative study might help to further study how different stakeholders influence CSR commitment in SMEs. A qualitative study might give a more in-depth understanding of how CSR commitment in SMEs is affected by different stakeholders.

It would also be interesting to further develop the instrument presented in this dissertation and use this instrument to investigate if the results are different in larger firms.

Another interesting topic to further study could be the financial aspect of CSR in SMEs. One factor generated in the factor analysis was financial CSR. An interesting research questions might be: *Why do SMEs perceive financial CSR as different from the environmental and social CSR regarding CSR commitment?*

Factor 1 categorized owners and employees as one factor. Evidence from this dissertation suggests that this factor highly contributes to the explanation of the dependent variable (CSR commitment). Further research could be conducted on why

owner and employee CSR commitment are measured similarly. Also, it could be further investigated why the factor reported the highest Beta-values of all the generated factors.

Finally, it would be interesting to investigate how culture affects CSR commitment in SMEs. Conducting a similar research in another country, with a different culture than Sweden, might give significantly different results. Culture might be the main influence of CSR commitment in SMEs.

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Appendix A

Survey Questions

Question Number	Stakeholder/variable	Questions	Measured concept
Independent variables			
1	Owner	I personally consider making demands on subcontractors regarding working conditions to be...	Social
2	Owner	I personally consider setting aside financial resources for the benefit of employees to be...	Financial
3	Owner	I personally consider utilizing resources in an effective way, benefitting the environment to be...	Environmental
4	Employees	The employees at my company consider the opportunity for further education to be...	Social
5	Employees	The employees at my company consider being environmentally conscious to be...	Environmental
6	Employees	The employees at my company consider ethical requirements for subcontractors to be...	Financial
7	Customer	Our customers believe that higher environmental standards than what the law requires to be...	Environmental
8	Customer	Our customers believe that putting aside financial resources for the benefit of the employees to be...	Financial
9	Customer	Our customers find that policies against bribery to be...	Social
10	Partners	Our business partners believe caring for the environment to be...	Environmental
11	Partners	Our business partners believe employment benefit to be...	Financial
12	Partners	Our business partners believe business ethics to be...	Social
13	Competitors	Our competitors believe putting aside financial means for employee benefits to be...	Financial
14	Competitors	Our competitors believe efficient use of resources for the benefit of environmental to be...	Environmental
15	Competitors	Our competitors believe product and service responsibilities to be...	Social
Dependent variables			
16	CSR commitment	My company believes setting aside funds for improving the internal environment to be...	Financial
17	CSR commitment	My company believes environmental requirements to be...	Environmental
18	CSR commitment	My company believes business ethics to be...	Social
Control Questions			
1	Gender	I am a... male/female	
2	Owner age	I was born? (year)	
3	Company age	When was the company founded? (year)	
4	Nr. of employees	How many employees does the company have? (including yourself)	
5	Industry	In which industry does the company operate?	

Appendix B

Frequency table

	N	Valid		Mean	Range	Minimum	Maximum
		Valid	Missing				
Independent							
1. I personally consider making demands on subcontractors regarding working conditions to be...	599	13		5.13	6	1	7
2. I personally consider to set aside financial resources for the benefit of employees to be...	600	12		4.9	6	1	7
3. I personally consider utilizing resources in an effective way, benefitting the environment to be...	600	12		5.56	6	1	7
4. The employees at my company consider the opportunity for further education to be...	599	13		4.82	6	1	7
5. The employees at my company consider being environmentally conscious to be...	594	18		5.05	6	1	7
6. The employees at my company consider ethical requirements for subcontractors to be...	600	12		4.77	6	1	7
7. Our customers believe that higher environmental standards than what the law requires to be...	595	17		4.13	6	1	7
8. Our customers believe that putting aside financial resources for the benefit of the employees to be...	584	28		3.71	6	1	7
9. Our customers find that policies against bribery to be...	584	28		5.29	6	1	7
10. Our business partners believe caring for the environment to be...	592	20		5.14	6	1	7
11. Our business partners believe employment benefit to be...	585	27		4.46	6	1	7
12. Our business partners believe business ethics to be...	588	24		5.5	6	1	7
13. Our competitors believe putting aside financial means for employee benefits to be...	550	62		3.97	6	1	7
14. Our competitors believe efficient use of resources for the benefit of environmental to be...	557	55		4.28	6	1	7
15. Our competitors believe product and service responsibilities to be...	559	53		4.76	6	1	7
Dependent							
16. My company believes setting aside funds for improving the internal environment to be...	591	21		4.98	6	1	7
17. My company believes environmental requirements to be...	589	23		5.35	6	1	7
18. My company believes business ethics to be...	595	17		6.18	6	1	7
Control							
Gender	600	12		0.77	1	0	1
Age	611	1		52.4	58	23	81
Numberofemployees	607	5		11.14	548	2	550
Companyage	595	17		24.02	160	0	160
CSRcommitment	579	33		16.52	18	3	21
Factors							
REGR factor score 1 for analysis 1	491	121		-0.063	5.465	-3.40004	2.06481
REGR factor score 2 for analysis 1	491	121		-0.036	6.276	-3.54257	2.73301
REGR factor score 3 for analysis 1	491	121		-0.017	6.869	-3.47697	3.3916
REGR factor score 4 for analysis 1	491	121		-0.069	6.252	-3.7278	2.52443