“Corporate social responsibility and SMEs: a literature review and agenda for future research”

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Corporate social responsibility and SMEs: a literature review and agenda for future research

Abstract

The corporate social responsibility (CSR) movement has attracted significant attention from academics and has quickly moved up the corporate agenda over the past number of years. However, the literature tends to focus disproportionately on large organizations. As SMEs (small and medium enterprises) play a crucial role in the European economy and their unique characteristics make it far from applicable for them to employ CSR theories and practices of large corporations, considerable research is needed to enhance SME CSR field. The purpose of this article is to contribute to this endeavor by conducting a thorough review of the literature on the subject to propose an agenda for future research.

Keywords: corporate social responsibility, SMEs, literature review, research agenda.
JEL Classification: M14.

Introduction

The corporate social responsibility (CSR) movement has attracted significant attention from academics and has quickly moved up the corporate agenda over the past number of years (Crawford and Scaletta, 2005; Knox et al., 2005). And it is now regarded to be at its most prevalent (Williams, 2005).

In this literature, most research focuses on large organizations, with very limited discussion of small and medium enterprises (SMEs). This stems from a flawed argument that large organizations are the heart of the economy (Jenkins, 2004) and that SMEs are 'little big companies' (Tilley, 2000), where CSR theory can simply be scaled down to 'fit' (Jenkins, 2006; Morsing and Perrini, 2009). However, the unique characteristics of SMEs render it far from applicable for them to employ CSR theories and practices of large corporations, making CSR in SMEs an important area for specific study (Davies and Crane, 2010).

SME engagement in CSR has only recently emerged in mainstream academic research (Tilley, 2000; Spence and Rutherfoord, 2003; Castka et al., 2004; Jenkins, 2006; Morsing and Perrini, 2009; Murillo and Lozano, 2006). Massoud (2010) conducted a search in Business Source Premier spanning the literature from 1980 to 2008 and found fewer than fifteen articles in peer reviewed journals specifically on SME CSR. A handful of additional articles were also located through citations. The literature on CSR in SMEs at present time can be described as fragmented and underdeveloped.

In order to contribute to enhancing this literature, the purpose of this article is to conduct a thorough review, thereby providing recommendations for future research. Its contributions help answer two questions: what is the current state of the field? And what should be done to improve the situation?

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In this article, we present the literature on CSR in SMEs based on five major topics: definitions of CSR in general and from the perspective of SMEs, the specificities of SMEs, the drivers and barriers to the adoption of CSR in SMEs, and what SMEs have been doing in terms of CSR in practice. We then discuss the research gaps of the literature. The article ends with a proposal for the agenda of future research.

1. Definitions of CSR

Definitions of CSR tend to vary according to country, organization, and researcher (Massoud, 2010). One of the factors contributing to the ambiguity of CSR is the lack of consensus as to what the concept really means (Carroll, 1979; Panapanaan et al., 2003). Although the acronym CSR is now well established in the business lexicon, what the term actually means remains a subject of much debate (Roberts, 2003). Some scholars have conceptualized CSR through similar constructs such as corporate social performance (Clarkson, 1995), corporate social responsiveness (Arlow and Gannon, 1982) and corporate citizenship (Matten and Crane, 2005). The term has been described as ambiguous (Fischer, 2004), subjective (Frederick, 1986), unclear (McWilliams, 2001), highly intangible (Cramer et al., 2004), and fuzzy (McGuire, 1963) with unclear boundaries and debatable legitimacy (Lantos, 2001).

Beliefs and attitudes regarding the nature of CSR have varied over time (Hill et al., 2003). In a seminal work, Carroll (1979) defined CSR using four dimensions that encompass the spectrum of responsibilities that business has to society. These include economic, legal, ethical, and discretionary components of business performance. Economic responsibilities pertain to the underlying purpose of business – to earn a profit. Legal responsibilities relate to the laws placed on the activities of businesses. Economic and legal responsibilities must also be concurrently accompanied by ethical responsibilities. Carroll stated that 'ethical responsibilities embrace those

activities, practices, policies, or behaviors that are expected or prohibited by societal members though they are not codified into laws' (2000). Discretionary responsibility refers to the voluntary activities that corporations engage in to meet the expectations of society which are not required by law or by ethical standards. This is often manifested as philanthropy. Carroll (2000) contended that a business' total social responsibility involves the concurrent fulfillment of the four abovementioned responsibilities. The most recent definitions described CSR through the lens of stakeholder theory (Jones, 2005). Based on this theory, scholars tend to agree on two other essential points of the concept (Williamson et al., 2006). One is the voluntary undertaking of a commitment towards third parties by the management of a business (Longo et al., 2005). Another is the business case that stresses the benefits to shareholders of voluntary (or beyond compliance) behavior when firms become more appealing to employees, customers, suppliers, communities and socially responsible investors (Cowe, 2003).

2. Definitions of CSR by SMEs

Some empirical researches have been conducted to examine the perception of SMEs about the CSR concept.

Sweeney (2007) found a variety of definitions of CSR provided by Irish SMEs. It would appear to be true that 'the term means something, but not always the same thing, to just about everybody' (Zenisek, 1979). However, while there was no universally accepted definition, in line with the literature arguing CSR can be most practically explained by reference to stakeholder theory (Vos, 2003), the firms involved in this research tended to define CSR by reference to their responsibility to a variety of stakeholders. The wider community was often cited as an important stakeholder.

It became apparent that not all respondents used the term CSR when referring to the topic and some felt that it may not be the most appropriate term to represent the activities and mindset of CSR (Sweeney, 2007). They tended to describe CSR vaguely as conducting business in a responsible manner.

Besides, in a study of Jenkin (2006), although some companies expressed difficulty in understanding the concept of CSR, all could define what it meant specifically in the context of their company. CSR was seen as an 'all embracing' idea to have an awareness of the impacts of the business, and a positive impact on a wide range of stakeholders through the business decisions that are made. Key stakeholders were employees, customers and suppliers, shareholders, community and environment.

Several common themes emerged while discussing CSR as a concept. CSR must not be an externality, but should be incorporated and integrated into every element of the business. CSR is about 'putting something back' above and beyond what is owed to shareholders and providing employment. CSR is synonymous with sustainability, defined as balancing social, economic and environmental demands. CSR is about having an ethos and values as a company. Emotive language is often used when defining CSR; terms such as 'right thing to do', and words such as pride, caring, commitment, honesty, encouraging, good.

Companies did not commonly use the term CSR inhouse to describe their activities, usually defining it informally and breaking it down to its component parts such as environmental management, community involvement, and work-life balance; though CSR was used when talking externally. Employees were generally aware of the meaning of the term, but again did not ordinarily use it. While all of the companies had been practicing CSR for some years, most had only become aware that their actions could be termed CSR in the last one or two years.

3. The specificities of the SMEs

For this paper, we selected the definition of the European Union for SMEs. Micro businesses are those that have less than 10 employees and the annual turnover and balance sheet total does not exceed 2 million euros. Small businesses have fewer than 50 employees, their annual turnover does not exceed 10 million euros and the annual balance sheet total is beyond 10 million euros. Medium businesses have less than 250 employees, their annual turnover does not exceed 50 million euros and the annual balance sheet total is beyond 43 million euros (European Commission, 2003). Despite SMEs rarely attract national media attention (Storey, 1994) and have only a minimal impact individually, SMEs make up a sizable portion of the European economy, with 99.8% of Europe −19 firms are SMEs and employ nearly 70% of the total employed workforce (European Commission, 2003).

SMEs are heterogeneous in size, resources, management style and personal relationships (Jenkins, 2004) which make it difficult for them to adopt large firm practices. A key difference between large and small firms is that in small firms, ownership and management are not separated to the same extent as they are in large multinational firms (Spence and Rutherfoord, 2000). Control remains in the hands of the owners, potentially enabling them to make personal choices about the allocation of resources (Spence, 1999). The relationship with the local authorities is far closer and more direct than that of

large business (Longo et al., 2005). Thus, the SMEs are particularly sensitive to the problems surrounding social responsibility: the small entrepreneur 'experiences' in person, together with his family and his employees, the territory in which he operates, and shares with them both results and worries. Also, the acceptance of CSR is largely a factor of the personal attitudes of the owner/manager (Perez-Sanchez, 2003). This is a theme echoed throughout the SME and CSR literature (Davies and Crane, 2010).

Moreover, in comparison to large firms, SMEs confront a unique set of issues. For example, SMEs often face stress just to survive, serve local rather than global markets, and deal with less stakeholder pressure (Massoud, 2010). There are many problems for human resourcess in SMEs such as reduced selection pools and a lack of resources to pay competitive compensation, use professional recruitment or invest in training (De Kok and Uhlaner, 2001) – all of which impede the ability of the organization to implement its strategy.

SME CSR motives and initiatives often take different forms than those of larger firms (Jenkins, 2004; Kusyk and Lozano, 2007; Lepoutre and Heene, 2006; Spence, 2007; Vives, 2006). They make less use of CSR instruments than larger firms, have less formal CSR strategies, are less likely to report CSR activity, and have fewer resources to invest in CSR activity (Spence et al., 2000; Graafland et al., 2003; Perrini et al., 2007). SMEs are more likely to engage with CSR in their local community by supporting local events, creating jobs (Jenkins, 2006), creating growth (Wennekers and Thurik, 1999) and providing innovation (Jenkins, 2006), although it is arguable whether some of this activity is CSR activity at all.

4. Drivers of CSR in SMEs

Some theories can be used to explain why companies in general and SMEs in particular adopt CSR. First, the CSR literature often contains references to *institutional isomorphisms* (Massoud, 2010). Institutional forces typically refer to the three institutional isomorphisms described by DiMaggio and Powell (1983): coercive, mimetic, and normative. They are frequently used in organizational analysis to explain the process in which organizations are influenced by their institutional environment to adopt certain practices, structures, values, and norms.

Spence et al. (2000) applied *institutional theory* to SME CSR and found that the institutional environment influenced the environmental behavior of Dutch and British SMEs. For example, the Dutch government had instituted licensing and permitting requirements for small firms. Trade associations also assisted Dutch firms in environmental issues by serving as advisors and providers of information. As a consequence, the environmental policies of small businesses in the Netherlands exceeded international agreements. In contrast, the situation was different in the UK, where small businesses received much less pressure to pursue environmental strategies.

Second, the *stakeholder* driven stream of CSR research focuses on how businesses meet the expectations of their stakeholders (Massoud, 2010). The literature on SMEs depicts stakeholder theory as a viable explanatory theory for SME CSR activity (Fernandez et al., 2007; Graafland et al., 2003; Jenkins, 2004; Jenkins, 2006; Kusyk and Lozano, 2007; Lepoutre and Heene, 2006; Murillo and Lozano, 2006; Perrini, 2006; Spence, 2007; Sweeney, 2007; Vives, 2006). Like large firms, SMEs also must consider the needs of important stakeholders.

Internal stakeholders and the local community usually receive more attention from SMEs (Jenkins, 2004; Murillo and Lozano, 2006; Spence, 2007; Vives, 2006). Investing in employees can positively affect employee morale (Jenkins, 2004, 2006). Additionally, SMEs often view their relationship with the local community as reciprocal (Massoud, 2010). For example, CSR potentially leads to improved reputation, an ability to attract and retain good employees, fairer treatment by suppliers, better access to credit from investors and banks who value socially responsible investments (Jenkins, 2004; Miller and Besser, 2000).

Third, the institutional environment and stakeholder pressure influence SMEs; however, the most frequently cited factor regarding CSR and SMEs is the *owners* themselves. Owners possess a significant level of control over how they operate their business. Their values and beliefs often translate into actual practices and influence the organization's culture (Besser and Miller, 2001; Fernandez et al., 2007; Jenkins, 2006; Kusyk and Lozano, 2007; Lepoutre and Heene, 2006; Longo et al., 2005; Miller and Besser, 2000; Murillo and Lozano, 2006; Spence, 2007; Spence and Rutherfoord, 2003; Sweeney, 2007; Vives, 2006).

In addition, *social capital* itself might not be a driver of CSR per se, but it could serve as a mechanism to facilitate the adoption and implementation of CSR (Perrini, 2006). Nahapiet and Ghoshal (1998) define social capital as 'the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit' (p. 243). Thus, social capital can help to achieve greater organizational effectiveness through the qualities of trust, norms, and networks (Peredo and Chrisman, 2006).

Empirical studies have found other drivers of CSR in SMEs. For example, Longo et al. (2005) found that companies adopt a socially responsible behavior only

for ethical reasons. This is in line with the findings of Jenkin (2006) that the majority used moral and ethical arguments to justify why CSR was important to them. Companies spoke of it being the 'right thing to do', pride, feeling good, 'everybody has a responsibility to do what they can', self-worth, integrity, well-being and satisfaction. Other motives include: to increase market share, to improve company image, to improve relationship with employees, and to improve relations with the community (Longo et al., 2005). In the study of Williamson et al. (2006), main drivers are business performance and regulation.

5. Barriers to SME CSR

Some literature on SME CSR addresses the fact that barriers or obstacles exist, which imposes a hindrance on the implementation of CSR (Sweeney, 2007; Vives, 2006).

Barriers may exist due to the personal characteristics of owners or the organizational characteristics of the firm (Massoud, 2010). Lepoutre and Heene (2006) provided a description of the stereotypical small business owner. According to their research, he or she is someone who lacks time and specialized knowledge. He or she engages in a wide variety of organizational activities. Therefore, due to a lack of time and knowledge, the information necessary to implement CSR may not be readily accessible (Spence, 1999). On the other hand, entrepreneurs may have a greater internal locus of control and higher need for achievement. At times, this may result in unethical behavior, although generally the evidence is inconclusive (Lepoutre and Heene, 2006; Longnecker et al., 2006). The mindset of SME owners could represent a significant barrier. Vives (2006) and Sweeney (2007) contended that SMEs are likely to perceive that CSR is an issue that only pertains to larger firms. Carlisle and Faulkner (2004) stated that large firms tended to agree with this. Evidence is presented by Vives (2006), in which some SMEs in Latin America perceived that their operations had no impact on the environment.

Organizational characteristics are sometimes cited as barriers to social responsibility (Kusyk and Lozano, 2007; Lepoutre and Heene, 2006; Sweeney, 2007; Vives, 2006). Jenkins (2004) offers a list of small business descriptors regarding SME culture. Accordingly, SMEs may be described as being untidy, informal, trusting, overlapping, intuitive, 'tactically strategic', personally monitoring, ambiguous, holistic, owner managed, and customer/network exposed (Jenkins, 2004). These descriptors suggest that SMEs tend to be more informal and owner-centric. Additionally, SMEs are often privately owned and sometimes family run (Jenkins, 2004). Thus, due to these characteristics, it is possible that CSR might not take precedence to other issues.

The small business often lacks resources and bargaining power (Lepoutre and Heene, 2006), and financial resource limitations are cited as a significant constraint on SMEs (Kusyk and Lozano, 2007; Lepoutre and Heene, 2006; Sweeney, 2007). A focus on the short term can mean long-term investment projects in CSR are not of immediate concern (Thompson and Smith, 1991; Carlisle and Faulkner, 2004; Spence, 1999). In many cases, SMEs must emphasize survival over voluntary initiatives that go beyond compliance (Jenkins, 2004). A lack of power also hampers the CSR options available to SMEs. Having a power imbalance makes it difficult for the SME to bargain with powerful suppliers and customers who impose non-CSR based criteria (Lepoutre and Heene, 2006). Other important barriers include embedding a CSR culture in the company, measuring and quantifying the benefits of CSR, a lack of information or support, and maintaining the momentum of activities (Jenkin, 2006).

6. Activities of CSR in SMEs

In general the management of CSR in SMEs is described as an ad hoc issue, e.g., 'someone rings up and asks us for something' (Jenkin, 2006). In an empirical study of Sweeney (2007), no SMEs had a person appointed to manage CSR. The responsibility of CSR in SMEs tended to rest with the owner/manager or another senior manager of the firm.

Considering that SMEs tend to mention the community as an important stakeholder when defining CSR, it is not surprising that they describe their CSR activities along the lines of community projects and environmental initiatives. Common activities included working free of charge for charities, making charitable donations and recycling initiatives (Jenkin, 2006; Longo et al., 2005; Sweeney, 2007).

On the other hand, an analysis showed that SME managers clearly have an inside-out approach to CSR, with a strong emphasis on the internal (corporate culture) dimension (Nielsen and Thomsen, 2009). When the SME managers talk about CSR, the rhetorical articulation of CSR seems to demonstrate that the SMEs are truly concerned with their employees, and the relationship between managers and employees seems to be of a personal nature. The managers know all employees by name, and the way they talk about their work functions and personal characteristics resembles the way one talks about family members or friends (Nielsen and Thomsen, 2009).

When the SME managers talk about strategic planning and CSR communication, the SME managers'

statements truly demonstrate that an integrated approach to CSR communication as a part of the overall business strategy is non-existent. SMEs may or may not have written strategic documents, but they do not use them as a guideline for practice in their daily operations. A formal and planned approach to communication is not particularly valued. When communicating internally, managers prefer oral one-to-one dialogue to computer-mediated communication (Nielsen and Thomsen, 2009).

To conduct CSR activities, SMEs often maintain the buy-in of their employees while simultaneously develop greater focus on sales growth, profitability and competitive edge (Davies and Crane, 2010). Two primary drivers can be identified in terms of how firms sought to balance these goals in matching employees to the organization: *selection* of the 'right' employees and *socialization* of these and existing employees into the 'right' values.

7. Research GAP

Overall, there are a variety of gaps in the SME CSR research. Perhaps, the most obvious takeaway from extant research on SME CSR pertains to the differences between SMEs and larger businesses (Massoud, 2010). Smaller businesses deal with a different set of issues, and often do not have the resources or prioritization to engage in CSR. Large corporations usually deal with corporate boards and shareholder influences. This offers the potential for significant research towards CSR to make it relevant and applicable for SMEs. A coherent theory is needed (Lepoutre and Heene, 2006), as it provides an economic means to organize information in a way that is internally and externally consistent, verifiable, has generality and possesses scientific parsimony (d'Amboise and Muldowney, 1988).

In response to the difficulties and needs of the different sectors (Moore and Spence, 2006) and sizes of SMEs (micro to medium-sized companies), the CSR agenda might need to move towards particularization, towards answering the particular needs and challenges that face companies, depending on their market constraints (Murrilo and Lozeno, 2009). An approach like this would allow companies to be dealt with differently according to their capacity for decision-making in the production process, on their degree of openness to external markets and on the type of competition they face (Murrilo and Lozeno, 2009). Also included among the gaps are research on the tools for best practices, studies on the links between CSR and performance, and perspectives from the developing world (Moore and Spence, 2006).

Besides the demand to develop specialized CSR tools for the needs of SMEs (Murillo and Lozano, 2006, p. 228), the obvious need of SMEs is to increase their knowledge 'about the potential benefits of socially responsible practices' (Perrini, 2006). However, not much is known on how to promote CSR neither in SMEs, nor on what effective approaches might be adopted to guarantee that the issue of CSR has a real impact on SMEs' management and functioning (Murrilo and Lozeno, 2009).

As mentioned above, it is important for SME owner to convince employees to participate in CSR activities. Yet, to date, the role of employee engagement in the management of CSR is underexplored (Davies and Crane, 2010). The scant attention paid to employees in CSR has revolved around internal stakeholder dialogue and duties of the organization to its employees, employee involvement in CSR, and the impact of CSR on recruitment. It does not assist in understanding how human resource practice can be used to improve CSR engagement in SMEs (Davies and Crane, 2010). Cornelius et al. (2008) therefore called for more research into defining and understanding how SMEs can use human resources management to drive CSR practice.

Conclusion and future research agenda

In this article, we conducted a thorough review of the literature on CSR in SMEs. Our review showed that the five major topics studied in the literature include the definitions of CSR in general and from the perspective of SMEs, the specificities of SMEs, the drivers and barriers to the adoption of CSR in SMEs, and what SMEs have been doing in terms of CSR in practice. Important gaps remain unexplored. Principal gaps are specialized theories and tools for the practice of CSR in SMEs, method to enhance knowledge of SMEs about CSR, and the use of human resources management to drive CSR practice.

In this context, there are different ways to improve the mainstreaming of CSR among SMEs.

First, efforts should be made to develop specialized theories and tools for CSR in SMEs. We need a whole new set of theoretical and conceptual tools that can deal with the unique competitive challenges and institutional constraints that SMEs face, an innovative theoretical reasoning is needed to study the CSR of SMEs and answer questions such as: What does CSR mean for SMEs and private firms? How are the social and institutional constraints they face different from those faced by large public corporations? How can a society create institutional environments that promote CSR for all firms, including SMEs (Lee, 2008)? In order to achieve this objective, it is important to investigate the dynamics of CSR in SMEs (Nielsen and Thomsen, 2009). Particularly the factors internal and external to the small

business that influence change processes towards more CSR behavior need further development. A priority in this regard is to research how managerial capabilities aid in the development of organizational slack and CSR action. Also, those capabilities that allow small businesses to effectively address resources across the boundaries of their organization need further development. In addition, increasing the knowledge on the critical success factors of governmental initiatives to create shared responsibilities would be beneficial to small business owners, managers, policy makers and academics.

In developing specialized theories and tools for CSR implementation in SMEs, attention should be paid to the specificities of these companies. As presented above, SMEs are extremely heterogeneous. Developing one-size-fit-all tools may not provide effective guidelines for SMEs. It may be a good idea to have scenario-based tools, which take into account main types of SMEs. Since the SME owners are the principle actors in the CSR adoption and implementation process, theories and tools should propose guidelines that are adapted to processes carried out by a single person instead of a team. Moreover, SMEs lack financial and human resources as well as bargaining power. Specialized tools must provide solutions to deal with those issues. Finally, the connection between SMEs and local communities is much stronger compared with large firms. Thus, CSR tools for SMEs must contain an aspect on the management of relationship with the general public in their local region.

In developing specialized theories and tools that conceptualize CSR in SMEs, research should go further than simply pointing out the differences between SMEs and larger business. We need studies that take those differences as a departure point to develop conceptual understanding and/or theories about CSR in SMEs. Due to the heterogeneity of SMEs, quantitative research must be of large scale in order to obtain valid results that are representative of the SME population; qualitative research conducted in actual SME context is also needed to obtain a comprehensive understanding of the specificities of SMEs and how to take them into account in CSR process. As the issues confronted by SMEs are unique in comparison with larger corporation, it may be worth studying how to modify or adapt existing CSR models for big companies to the case of SMEs.

Second, research is needed to find out appropriate method to enhance knowledge of SMEs about CSR. Case studies are important. A solid body of evidence can be a major contribution to further the adoption of CSR among small businesses. If SMEs can discern specific practices that impact profitability and business improvement, they will be more likely to become involved. In particular, SMEs need to know more about the potential benefits of socially responsible practices (Castka et al., 2004).

Although participation by academics and practitioners will help to mainstream CSR among SMEs, it will not in itself guarantee that small firms will fully engage in the debate on social responsibility. Further commitment from public authorities is also required to improve business ethics among SMEs (Tilley, 2000). Thus, further research is needed to promote improvement from the government body.

It is suggested that enabling the dialogue and networking between SMEs about CSR adoption and implementation helps enhancing their knowledge about the topic. The underlying rational is that SMEs owners are solitaire in their management of the firm. Working alone results in the lack of knowledge about certain issues. By dialoging and networking with their peers, SMEs owners can have much better understanding and a higher degree of awareness about CSR. Another way to improve SME knowledge of CSR is to provide training and workshops on the issue. Guidance and coaching during the CSR implementation process are also crucial, as learning by doing is an effective way to obtain knowledge. To achieve this objective, the support from government body or sponsoring organizations is crucial. Since SMEs are numerous and geographically scattered, only with help from some umbrella organization they can be gathered and exchange about CSR. Only with sponsorship from an authorized organization that guidance and coaching can be provided. Therefore, scholars should make efforts to study how to promote dialogue and networking between SMEs about CSR and how to obtain guidance and coaching from sponsoring organizations.

Moreover, it is argued that researchers should go beyond the question about enhancing knowledge of SMEs about CSR to study how to motivate their adoption and implementation of CSR. There is not enough knowledge of business scenarios and obstacles and drivers of SMEs-CSR relationships (Castka et al., 2004). What we have known so far is that SME CSR motives and initiatives differ from those of larger firms. We also have some theories explaining the drivers of SME adoption of CSR. They include institutional isomorphism, institutional theory, stakeholder theory, and social capital theory. Empirical studies about the drivers of CSR in SMEs can be described as scarce. On the other hand, the main barriers of CSR activities are the SME owners' characteristics and the organizational features that are unique to SMEs. Those drivers and barriers have been mentioned in the literature. But there is a lack of understanding

how to deal with them. Studies on this topic may results in indication of how to deal with the barriers of CSR adoption and implementation in SMEs.

Third, due to the particular nature of SMEs, employees are important stakeholders. Our literature review has showed that SMEs managers truly care about their employees. However, a major gap in the literature involves the role of employees in CSR in SMEs. Research should go beyond such issues as duties of the firm to its employees or impact of CSR on employees' well-being and recruitment to examine how HRM can benefit and operate in collaboration with CSR practices. Human resources management (HRM) can make important contribution to the success of CSR in SMEs.

This objective can be achieved in several ways. Research may be conducted by collaboration between CSR and HRM researchers. Each group of scholar can bring their own perspective to the common project, so that the link between CSR and HRM can be fully investigated. Participation of employees in the research process is also important. Their participation provides insights from people in the field that are relevant to the actual context in SMEs. They can participate as a source for data collection or as interlocutors in the research process. When employees actively join academic researchers in their research project, they become an actor in an action-research process.

The literature has discussed the common CSR activities carried out by SMEs. These activities can be used as a starting point, from which contribution of HRM to the improvement of CSR practices can be investigated. For example, CSR management in SMEs can be ad hoc and rest in the hands of the SMEs owner. Studies should try to find out how to make CSR activities more systematic and less dependent on one single person by integrating them into the HRM policy of the firm. The organization of CSR tasks among employees is also an issue that is worth investigating.

As presented, another common CSR activity of SMEs involves contribution to the local community's welfare. Research is needed to examine the relationship between this line of CSR and HRM policy, in order to provide guidelines in improving this CSR practice. In addition, since an integrated approach to CSR communication as an inherent part of overall strategy does not exist, suggestions on how to make employees more committed to CSR communication or provide them with training on this task are needed.

One last important issue involves the balancing between CSR practice and greater performance through the engagement of employees. The literature has suggested two methods: selecting the right employees and socializing them into the right values. Further research is needed to identify strategies to make them active in contributing to CSR improvement.

To conclude, we have reviewed the literature on CSR in SMEs, identify the major gaps, and propose research directions to fill in those gaps and further develop the literature. Our proposed directions for future research can be summarized in the table below.

Table 1. Future research direction for CSR in SMEs literature

Major gaps	Future research directions
Specialized theories and tools for the practice of CSR in SMEs	Investigating the dynamics of CSR in SMEs (e.g., internal and external factors that influence change processes towards more CSR behavior, capabilities that aid in the development of CSR action and allocation of resources, critical success factors of governmental initiatives to create shared responsibilities). Developing specialized theories and tools for CSR implementation in SMEs (e.g., scenario-based tools, guidelines adapted to processes carried out by a single person, suggestions to deal with the lack of financial and human resources and bargaining power, methods to manage relationship with the local community). Developing specialized theories and tools that conceptualize CSR in SMEs (going further than simply pointing out the differences between SMEs and larger business, large-scale quantitative research, in-context qualitative research).
Methods to enhance knowledge of SMEs about CSR	Case studies (in particular about potential benefits of socially responsible practices). Examining how to promote participation from the government body. Studying how to promote dialogue and networking between SMEs about CSR. Examining how to obtain guidance and coaching for SMEs from sponsoring organizations. Moving beyond this gap to address the question about how to motivate SME adoption and implementation of CSR.
The use of HRM to improve CSR practice	Investigating how HRM can benefit and operate in collaboration with CSR practices (collaboration between HRM scholars and CSR scholar, participation of employees in the research process). Studying how to make CSR activities more systematic and less dependent on one single person by integrating them into HRM policy, to organize CSR tasks among employees, to improve relationship with local community through HRM, make employees committed to CSR communication, and to make them active in contributing to CSR improvement.

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