

What drives formal CSR instrument adoption in SMEs

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Recently, a growing number of authors, have begun to argue that SME are increasingly turning to more formalized CSR practices (e.g., Ortiz et al., 2018; Soundararajan et al., 2018). In this study, formal CSR instruments are described as “administrative technologies to manage sustainability issues by structuring, organizing, measuring and/or communicating sustainability information and/or developing and defining processes and structures” (Windolph et al., 2014, p. 380). The actual rate of implementation of these instruments in the context of SMEs has been approached empirically in some studies, but data available is still scarce. Additionally, researchers call to develop a more nuanced understanding of why some SMEs are more likely than others to adopt some formal CSR instruments. We address these gaps by raising the following research questions: First, we ask which internal factors (or antecedents) drive the adoption of formal CSR instruments in the SME scene. Second, we examine to which extent SMEs (i) are aware of/know formal CSR instruments and (ii) implement these. Third, we investigate whether the identified antecedents can predict the awareness and implementation. We chose a mixed-methods design to answer these questions. To address RQ1 we adopted an exploratory, inductive approach, gathering data through 30 semi-structured interviews with owner-managers or managers with an assigned responsibility for CSR in eight independently owned and sustainability-oriented Austrian SMEs (Study 1). To address RQ2 und RQ3, we implemented an online-survey among 329 Austrian SMEs (Study 2). The results of Study 2 show that most SMEs are neither aware of, nor implement formal CSR standards. The insights from Study 1 offer plausible explanations: First, many standards are semi-suited for SMEs due to high implementation costs. Second, employees view associated activities as a “burden”. Together, this implies that existing standards should be revised with respect to suitability for SMEs – this is tangent to policy design, i.e. the process of designing formal CSR instruments. Additionally, we found that transparency is the strongest predictor of formalization, suggesting that incentivizing SMEs’ CSR formalization could start with highlighting opportunities for communicating CSR to stakeholders. This is tangent to policy marketing, i.e. how formal CSR instruments are promoted.