
Socially responsible strategies in SMEs: a study in six European countries

Zhanna S. Belyaeva*

Graduate School of Economics and Management,
Ural Federal University,
Mira Str. 19, office i-410a,
620019, Yekaterinburg, Russia
Email: Zh.s.belyaeva@urfu.ru
*Corresponding author

Edyta Rudawska

Marketing Department,
Faculty of Economics and Management,
University of Szczecin,
Mickiewicza Str. 64, 71-101, Szczecin, Poland
Email: edyta@rudawska.pl

Yana Lopatkova

Graduate School of Economics and Management,
Ural Federal University,
Mira Str. 19, office i-410a,
620019, Yekaterinburg, Russia
Email: yanalopatkova@mail.ru

Abstract: This paper seeks to assess the management practices and to pinpoint drivers of socially responsible strategies for small and medium-sized businesses in the food industry in Western and Eastern European countries. The study revealed same features and differences in the CSR practice in SMEs operating in countries with different levels of socio-economic development. The analysis singled factors that influence the application of social responsibility in SMEs at most: the level of depth and agile approach to business performance. The methodology is based on extended 5Ps social marketing index and analyses quantitative data to outline the social responsibility strategy from the SMEs perspective in 6 different countries. The quantitative data have been collected using an online questionnaire collecting 750 entries, which were analysed using Stata software, and also qualitatively verified. This new assessment approach to the socially responsible concept provides rich material that can be explored to identify correlations between CSR and desired business performance indicators for SMEs.

Keywords: socially responsible strategy; small and medium-sized enterprises; SME; food and drink industry; European countries; Russia; Poland; Croatia; Spain; Germany; England.

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Biographical notes: Zhanna S. Belyaeva is a full-time Associate Professor, Head of EPAS accredited BA programme in International Economics and Business and Head of research unit for the Global Social Responsibility Excellence and International Business at the Graduate School of Economics and Management, Ural Federal University (Russia, Yekaterinburg). Her research interests and major publications in refereed journals are in the field of corporate development and global social responsibility models, international business, sustainable development strategies.

Edyta Rudawska is a Full-Time Professor and Head of Marketing Department, Director of Management and Marketing Institute at the Faculty of Economics and Management, University of Szczecin in Poland. She is interested in issues regarding customer relationship management, customer value, stakeholder marketing and marketing management. She is a member of the Committee of Organization and Management Sciences of the Polish Academy of Sciences. She has participated in scientific internships and research programs at The University of Nicosia (Cyprus), Guangdong University of Foreign Studies (China), University of Manchester (Great Britain), University of Kelaniya (Sri Lanka) and University of Jaen (Spain).

Yana Lopatkova is a PhD student at the Ural Federal University in the field of International Business, her research is based on theoretical and practical experience of SMEs operating in Russia and abroad. Her practical expertise includes development of digital strategies of SME in Russia.

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1 Introduction

The CSR vector becomes one of the most important elements of socio-economic development of countries. Nowadays socially responsible strategies are first associated with big corporations (Perrini et al., 2007). Transnational companies implement social and environmental programs and use tools of socially responsible strategies on equal basis with the business goals and objectives, so they communicate it externally at a large comparing to small and medium businesses (Baumann-Pauly et al., 2013). Due to the growing number of small and medium-sized enterprises (SME) in the market such business entities have the potential to increase their contribution to social development of the region. SMEs are more flexible to respond to changes in society and the environment. Nevertheless sustainable strategies of SME are often questioned due to the lack of data regarding their involvement in CSR activities and transparency of these activities (Santos, 2011). Following literature review of some practices, more studied were fulfilled in Western countries, while the Eastern Europe cases seem to be very diverse, hence less

developed in the empirical research and conceptual papers. The comparative nature of societal marketing and responsible behaviour of SMEs is a question of further cooperation and integration between markets at the consumer level.

The paper is developed to fill in the empirical research gap in the discussion of SME's social responsibility in the food and beverage industry sector. The study contributes to the existing literature by the development of our understanding of the socially responsible strategies in SMEs in markets with different socio-economic development. The paper first opens with a discussion on corporate social responsibility (CSR) implications in small and medium-sized companies as well as its diversity in Western and Eastern European markets, namely England, Germany, Spain and Croatia, Poland, Russia. Based on the literature we propose key factors to define SMEs in studied countries and develop survey. This paper demonstrates new assessment method of the socially responsible concept; the big data collection in six countries with different socio-economic level of development. The empirical part presents results of the qualitative and quantitative analysis of a rich sample for 750 companies in six countries. Managerial and theoretical implications are given in the conclusions.

2 State of the art: CSR dimensions in the small and medium businesses

The concept of CSR was primary shaped after the industrial revolution and firstly aligned with big corporations practices of businessman behaviour principles (Bowen, 1953); developed through stakeholder's theory and management (Freeman, 1984; Mitchell et al., 1997); and finally through the lens of shared value creation (Porter and Kramer, 2011) towards digital value creation (Mariussen and Ndlovu, 2012) and curative marketing aspects (Kaufmann et al., 2015). The CSR concept seemed to be universal for all types and sizes of businesses; so a little progress has been made in defining small and medium businesses social responsibility and strategy, especially in cross-country diverse setting. SMEs are unlikely to scale the efficiency gains from CSR at the same level as large businesses, but they seem to be successful in getting values from developing the form of new, more sustainable products. Nowadays the CSR issues are getting deeper explored and actively discussed by researchers and businessmen around the world.

Considering recent impact of SME development in national economies and their overall contribution to the wealth of countries, governments and businesses start the new debate on peculiarities of SME strategies in small and medium sized businesses. Moreover, many SMEs make important social contribution, but it is not described and reported in the terms to which we have become accustomed in the field of business ethics and CSR (Santoro et al., 2016). Grayson (2006) developed a model describing steps to assess SME responsibility, outlining that employee care is one of the factors that describes unpublished feature of SME CSR. Roberts et al. (2006) agree that small companies have no intentions to employ formal CSR strategy, while they implement employee and customer care as well as environmental measures to develop businesses. SMEs are informal in natural; second, is the existence of personalised relationship between owner and stakeholders; third, no separation of ownership and control, unlike large firms (Spence et al., 2011).

Most researchers (Crane et al., 2013) argue social responsibility framework differs from county to country, so putting CSR 'in a global context' it is necessary to consider

the national specific context. The discussion on CSR was primarily focused on large multinational corporations. However, in most developed as well as emerging economies it is the SMEs that dominate in terms of quantity. They constitute an important part of the whole sector of enterprises and thus influence the formation of national economies. Although formal criteria for small businesses vary from country to country, we adopted European definition of SMEs, which suggest organisations of up to 250 employees. Their role is crucial in many aspects, the so called post-transition economies are yet to develop their full market potential (Dana and Ramadani, 2015). SME is the leading sector that determines the pace of economic growth, the structure and quality of GNP. In European Union there are around 20 mln enterprises, out of which an overwhelming majority – 99.8% are SMEs. Micro enterprises predominate in this group, which constitute 91.8% of the population of SMEs. Small companies account for 6.9%, and middle ones – 1.1% (Schmiemann, 2008). It is not without reason that one of the factors indicating an important role of small and medium enterprises in the economy is job creation. SMEs play significant role in creation of new jobs; they contribute over 60% of employment globally and 57% of GNP (Raynard and Forstater, 2002; Schmiemann, 2008). Moreover, they are more flexible in responding to changes in society and the environment than big business. Compared in particular to large businesses SMEs they are highly mobile and agile, thus quickly react to socio-economic changes and adapt to new market needs by changing marketing strategies.

Various literatures on CSR aspects outline formal and informal differences in CSR among developed, developing and emerging economy countries. Developing countries practices for SME seems to be more focused on stakeholder relationship comparing to formal procedures, they are lacking governmental support and have priorities for big businesses (Spence et al., 2011). CSR contributions were characterised as non-systematic, non-structured, and non-formalised into strategic processes, but extremely important spiritual drivers (Jamali et al., 2009).

Advanced economy countries like EU countries, the UK consider social issues through government policies and collective actions (codified and mandatory regulation) (Castka et al., 2004), take advanced care of the natural environment (Gray et al., 1995), improving public transparency and accountability: regenerating local community, addressing unemployment, sponsoring education. Emerging economies like Russia are taking steps forward a better sustainable platform for small and medium companies support in social responsibility strategy development, however partially due to industrial structure of the economy it has a slow progress (Lopatkova and Belyaeva, 2016). According to Russian managers association survey, Russian managers do not perceive CSR as a relevant topic for business and stakeholders and CSR practice often associate with paying taxes and providing employment.

Finally it should be stressed that the role of SMEs in the economy is connected with the creation of entrepreneurial civic and social attitudes (Lachiewicz and Matejun, 2012). All the above-mentioned increase the role of SME as a stabiliser and stimulator of economic development and results in growing responsibility of SMEs for socio-ecological environment as well as the development and implementation of CSR strategies.

One of the main issues is the understanding of the term and tools of CSR by representatives of small and medium-sized businesses. Social responsibility is one of the most important drivers between companies and society therefore it requires a clear understanding of how to implement this strategy in SMEs.

Most authors argue SMEs often do not use the language of CSR or formalised management tools (Baumann-Pauly et al., 2013). Murillo and Lozano (2006) claimed the need for a new approach to CSR for SMEs: “it needs to be progressively replaced with a concept closer to the SMEs’ specific reality”. Strategy in SMEs is less complex and based on personal relationships compared to big companies (Castejón and López, 2016). So CSR strategy in SMEs seems to develop through informal links and structures.

Research conducted among representatives of small and medium-sized businesses indicates that 55% of them have never heard about the CSR concept (micro – 66%; small – 53%; medium – 42%) (Skrezek et al., 2011). Also, the results of Neverov and Davydenkova (2016) study show that SMEs do not have a clear systemic understanding of the direction and ways of implementing social responsibility. It seems that small and medium-sized businesses do not have a clear definition and structure of CSR strategy. This may lead to an ambivalent attitude of managers towards that concept. Research run among Polish SMEs shows that most respondents cannot clearly evaluate the idea of CSR concept and thus perceive it as neither positive nor negative one (Wojnarowska, 2014).

But small and medium enterprises demonstrate the readiness to achieve company’s significant goals for society. In our previous research we observed the perception of social responsibility of small business among younger generation and business representatives. We argued that many small companies consider the strategically important effects of introducing CSR, which allow increasing the level of competitiveness of the company (Neverov and Davydenkova, 2016; Lopatkova and Belyaeva, 2016).

Small business is characterised by a ‘quiet’ social responsibility, under which the emphasis is on a certain domain of business and the main stakeholders, rather than on disclosing non-financial indicators for a wide range of stakeholders, for example, large TNCs).

SMEs can get the long-term benefits applying the CSR. There are many studies which had shown that there is a positive correlation between CSR and company’s performance (Michelon et al., 2013; Adeneye and Ahmed, 2015; Galant and Cadez, 2017). The external (reputation and trust, customer loyalty and satisfaction) and internal (increase the revenue, cost reduction, attraction of better employees) benefits have been highlighted to improve business processes along with social, cultural and environmental betterment (Zafar and Farooq, 2014). In this way CSR can help small business to achieve benefits and making a good contribution to the society.

2.1 CSR defining factors for SME

We consider the CSR term as a symbiosis of impact based-actions that are socially and economically beneficial for the company and its key stakeholders. According to the literature review and to purpose of the presented research the Socially responsible SME strategy involves internal and external economic, social and environmental instruments to create tailored long-term relationships with selected stakeholders, generate impact based values and pursue innovative approach to sustainable development.

On the other hand, because of SMEs characteristics, these companies face with demerits that can limit development in the field of social responsibility: lack of financial assets, lack of management knowledge, inadequate administrative regulations, etc. Due to the lack of both time- and money-related resources as well as general poor knowledge the

CSR-communication is low (Nielsen and Thomsen, 2009). Also, the representatives state that they only abide laws and restrictions and take doing so for granted, which means they do not see the point in communicating about it. However, despite the current low knowledge on CSR, it is perceived as an important matter to the industry and the data shows that its importance is believed to grow in the future.

2.1.1 Macroeconomic factors

The level of CSR in European Union countries is much more advanced in terms of institutionalisation than in Russia. For example, the EU has a three-stage system of legal regulation of social responsibility of business: internationally, nationally and locally. The key vectors of CSR development institutionalised in pan-European documents and have dedicated field for SMEs. In Russia the CSR backup is progressing at the governmental level, following international and national regulations, but national level is yet for large businesses. The most legislatively advanced sphere of social responsibility related to social, labour issues and environmental protection. Particular attention is paid to problems of the local communities. The criteria of allocating micro, small and medium business vary from country to country as well as the contribution to GDP according to EU Statistics Agency (<http://epp.eurostat.ec.europa.eu>).

Of course, CSR depends on the national model of business (traditions and history of countries, the mentality, the perception of society). For example, Western culture is characterised by pragmatism and individualism, where the increase in efficiency is used to achieve one's own goals and personal dignity is the main driving force.

Hofstede (2011) explains the differences of countries with their cultural values, according to his analysis Russia (93) has the highest power distance in the sample of chosen countries, while Germany and the UK (35) the lowest, showing greater responsibility and initiative. Croatia (33) and Russia (39) are the most collectivist countries, which affects level decision-making and might follow in CSR communication based on massive approval requirements, while he UK (89) SMEs might want choosing their strategy themselves. In Russia, the masculinity (36) indicates care for the quality of life and maintaining long-lasting relations. Avoiding uncertainty shows how much the members of society are afraid of the unknown and are trying to protect themselves from unexpected events. In cultures with a high level of avoidance of uncertainty: the initiative in work is not welcome, conflicts are perceived as a threat to relationships, laws are spelled out in detail, and deviant behaviour is considered dangerous or indecent. An example of countries is Russia (95) and Poland (93). With a low level of avoidance, society is ready to change, easily perceives new trends, and is prone to risk, open to change, like Great Britain (35). Germany (83) and Russia (81) have a very high score in orientation for the future, which indicates a long-term orientation towards tangible results.

Further to Hofstede research Minkov (2011) expanded the research and adjusted it according to the world value survey, which can be interpreted as follows and will be further tested in our research. Economically advanced countries proceed with local environmental investments, 'smart' social innovations and investments, and craft themselves being a socially responsible company due to its importance for internal and external stakeholders. In the same time less economically advanced countries are looking for staff development, internal investment, proceed with mostly philanthropic activities, usually lack ecological and economic motives. The policy of social responsibility

depends on the personality traits and interests of entrepreneurs, because low operational indicators do not bring visible benefits in applying socially responsible behaviour. We will assume and further test, whether countries with different level of economic and social development (technology development, managerial experience and knowledge, financial resources) influence CSR application techniques in SMEs.

The social responsibility of business is aimed at improving the life of society and sustainable development. One of the measures that could be used is the Index of Social Progress calculated since 2013 (Porter et al., 2015). This index includes the following components human needs (nutrition, medical care, personal security, etc.), wealth (literacy, education, sustainability of the ecosystem, etc.), opportunities (personal rights, freedom and choice, tolerance, etc.). This index is considered to visualise the important positive role that business plays in society (Savostyanova, 2016). Next, let's consider the relationship between the index of social progress and the level of stratum development (GDP per capita), which proved to be in a strong correlation (Kislitsyna, 2015). Consider that economic development itself cannot fully explain social progress, and vice versa. As countries reach high levels of income, the opportunities for further social progress resulting from economic development end, while economic growth brings new social and environmental challenges (Kislitsyna, 2015). A link between SME business activities and socially responsible strategies and their CSR perception might be explained in such a variable.

2.1.2 Microeconomics factors

The financial, social and organisational characteristics of the company affect the strategy orientation and development vectors. To name just a few: clear mission, size of company, financial results, maturity/age of the company, digitalisation. Social responsibility is often formed via extended 5P marketing mix strategy, which includes sustainable Product (responsible packaging), place (sales channels), promotion (PR and communication), price and people (personnel, communities communication and building trust). The perception could be also included as the perceived CSR internally and externally adding up physical evidences (peoples and communities comfort) and processes (of purchase) (7P).

SMEs are subjects to flexible CSR decision-making as they reach external environment well, but they lack in resources and usually such decisions are being based on personal feelings, company finances, friends and family (Jamali et al., 2009).

In the section above we have outlined and discussed institutional factors (the development of the legislative system, the stimulation of business, interaction with business) and cultural values of the communities as possible prerequisites for SME socially responsible strategy development. Thus, the set of factors forms a framework for the development of CSR at the country and firms level in which social responsibility strategies are implemented.

The literature review above pinpoints the lack of a formal CSR structure in SMEs, but obviously outlines a number of tools required to benefit from CSR. Due to the SME operational peculiarities and cross-country variety such companies may require understanding of social responsibility factors that influence business performance. What is seen as SME CSR normally appears as companies reaction on the requirements imposed on them by society and the state. The corporate locus of SME responsibility attributes internal responsibility for social action and depends on the role of individual

managers undefined societal CSR ambassadors, exercising stewardship and influence in pursuit of specific business development. Taking into account outlined above economic factors, organisational peculiarities, CSR specific awareness, marketing and communication next part of the paper is devoted to further empirical investigation. The following hypothesis statement has been formulated for the article purpose:

H1 There is a positive connection between socially responsible SME business strategies and the economic level of the country's development.

2.2 *Research methodology*

The empirical part of this paper entitles primary testing CSR strategies through factors outlined above in SME of Western and Eastern Countries (Germany, the UK, Spain and Croatia, Poland, Russia).

Comparative analysis of small and medium-sized businesses in six countries allows us to assess the socio-economic differences and differences in the actual state of implementation of the project idea between countries that participate in the project.

The study involves the following methods:

- 1 conducting a survey among representatives of small and medium-sized businesses through CATI questioning and interviewing
- 2 descriptive research and statistical analysis using the Stata software
- 3 comparative analysis of results in different countries.

The sample was based on two groups of food sector:

- 1 Industrial sectors (finished or semi-finished products, beverages, tobacco products, etc.)
- 2 Public catering/sale of food/services (cafes, bars, restaurants, canteens, etc.).

The sampling is nonprobability, spontaneous and quota based. As for the quota - the sample corresponds to the statistical cross-section of small and medium-sized businesses in the world. The interviews were asked from 1200 companies, in the result representatives of 750 food companies took part in the survey, including micro business – 51%, small – 31%, medium – 18%. We received 560 valid entries, which makes the results valid.

The questionnaire was compiled by an international research team, and then the questions were translated into six languages and adapted to countries professional language. After pilot interviewing and filed research the survey was adjusted for each country. We were confronted with the difficulties of the conceptual apparatus at the stage of data collection through online questioning. In some markets SMEs representatives were not aware of such terminology as CSR, B2B and B2C markets, did not distinguish the types of organisation's activities (production, trade, services). Semi-structured interviews allow purposefully discussing issues of interest to the problem and getting feedback and two-way communication (Chekovski, 2010). In order to validate data and fully understand the ideas behind the online answers we decided to justify the data with semi-structured in-depth interviews.

The questionnaire itself consists of 4 parts: part one refers to the place of socially responsible strategies in the overall business strategy. This part of the questionnaire

reveals the goals and tasks of SMEs. The second part intends to analyse the level of manager's CSR awareness (terminology, motives and). Part three is focusing on the tools of a socially responsible strategy. This part assesses the tools within the strategy in five areas on the elements of the marketing mix: sustainable Product (responsible packaging), Place (sales channels), Promotion (PR and communication), Price and People (personnel, communities' communication and building trust). The perception could be also included as the perceived CSR internally and externally adding up Physical evidences (peoples and communities comfort) and Processes (of purchase) (7P), but this paper investigates 5P model. Part four reveals organisational characteristics of the company: firm size, turnover from sales, period of operation etc.

The probability analysis was run to see correlation between the application of CSR strategy and influence factors (respondents' CSR strategy and CSR awareness; manager's CSR attitudes; CSR- business development factor). Such analysis allowed us describing the relation between the scope of socially responsible strategies application in SMEs, its organisational characteristics, and socio-economic prosperity of the selected country. Such triangulation allows build an extended picture of SME and find managerial and theoretical implications for SMEs in the selected markets.

2.2.1 Econometric analysis

The binary model-probit used to conduct the probability analysis between CSR strategy application and influence factors; the model had been tested with software package 'Stata' (Table 1). The formula (1) for the binary choice model is shown below. Test results are presented in the table 3.

$$\rho(\text{practice}) = F \left(\beta_0 + \beta_1 \times \text{mission} + \beta_2 \times \text{term} + \beta_3 \times \text{staff} + \beta_4 \times \text{turnover} + \beta_5 \times \text{origin} + \beta_6 \times p4_{31b} + \beta_7 \times \text{gdppc} \right) \quad (1)$$

where mission is an existence of mission; term – knowledge of CSR terminology; staff – number of staff; turnover – net turnover; Origin – the age of the firm; P4_31b – selling goods/services on the Internet; Gdppc – GDP of the country, \$/1000.

With respect to the interpretation of the results indicated above the following factors influence positively for SME socially responsible strategy implementation (in the descending order of influence) (Dougherty, 2006). Companies which have vision and mission defined towards their actions have formulated direction of development and goals, which presets the strategic approach. CSR awareness and its beneficial nature for both business and social value predefine the strategic character of CSR implementation at the systemic way. The age and matureness of the firm (experience, established relationships with suppliers and customers) bring on innovative sustainable ways of SME development. Digitalisation of SME and its interference with e- business sales channels promote public visioning of company and seem to force a socially responsible profile and hence socially responsible strategy implementation. And finally higher level of the country's economic development positively affects the likelihood of application of socially responsible in SMEs operating in food and drink industry. Thus, the main hypothesis of the research is confirmed.

A descriptive study was based on average values. The questionnaire used the Likert-type 5 points scales. Firstly, it was revealed what a socially responsible strategy for SMEs in different countries means. For most countries socially responsible strategy is

the implementation of activities, designed to meet the needs of customers, achieving business goals and realisation of social and environmental objectives at the same time. But there are some differences in understanding of socially responsible behaviour. According to our survey statistically adjusted results in Poland honest communication to the stakeholders is the most important to show efficiency and integrity, in Croatia SMEs care the most about conducting ethical business according to laws and regulations, in the UK SMEs also follow ethical conduct, but invest in offering environmentally friendly and safe products/services for customers.

Table 1 Results of testing models of binary choice

<i>Factors</i>	<i>Coefficient</i>	<i>Marginal effects</i>	<i>The impact on socially responsible strategies choice</i>
Mission	0.678*** (0.121)	26.5%	Well defined CSR mission increases the probability of using SO-strategies
Terminology	0.849*** (0.121)	32.8%	Awareness of CSR terminology increases the likelihood of using SO-strategies
Staff	-0.013 (0.091)	-0,4%	No influence
Turnover	0.043 (0.1)	1.6%	No influence
Origin (age)	0.241*** (0.092)	9.6%	Mature companies are likely to apply social responsibility practices
e-business	0.235*** (0.076)	9.3%	Companies with digital presence and e-sales are more likely to choose a socially responsible strategy
GDP of the country, \$/1,000	0.013** (0.006)	0.5%	The GDP growth increases the likelihood of social responsibility of companies in the country

Notes: *** 1% level of significance; ** 5% level of significance. The standard errors are given in brackets. The number of observations is 560. Prob > chi2 = 0.000. Pseudo R2 = 0.157.

Participants were asked to assess the challenges facing the business. On average for all countries the main tasks facing the business in the next 3–5 years are: “attraction and retention of clients”; “creating a strong corporate image and positive reputation” and “taking care of personnel”. The choice of these options of many other offered shows the internal orientation of SME social responsibility outlook.

Further, representatives of SMEs were asked to assess the factors that delay possible implementation of socially responsible practices (Figure 1).

It was also proposed to assess the benefits that enterprises receive through the introduction of CSR. The following benefits appeared the most important: increasing customer loyalty (4.1), increasing brand strength and confidence (4.04), increasing staff motivation (3.98), increasing in sales (3.93). It can be concluded that the implementation of a social responsibility system is effective for companies to achieve the goals for the next 3–5 years.

Participants were asked to evaluate the tools they use within their socially-oriented strategy in five areas of the marketing mix: product, price, place, promotion and people. On the basis of the average, a graph (Figure 2) is drawn showing the importance of directions in different countries.

Figure 1 Obstruction to the implementation of socially responsible practices in SME (six countries) (see online version for colours)

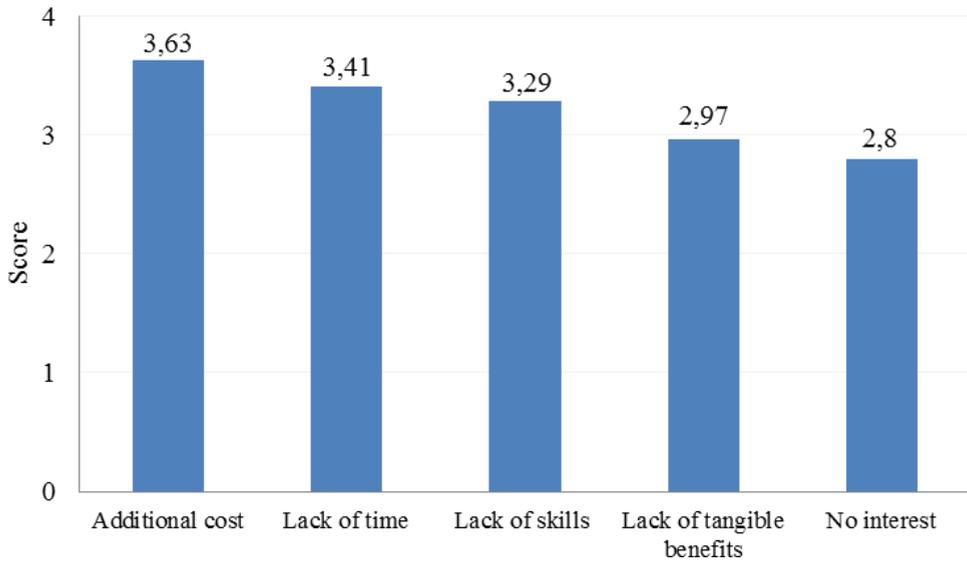
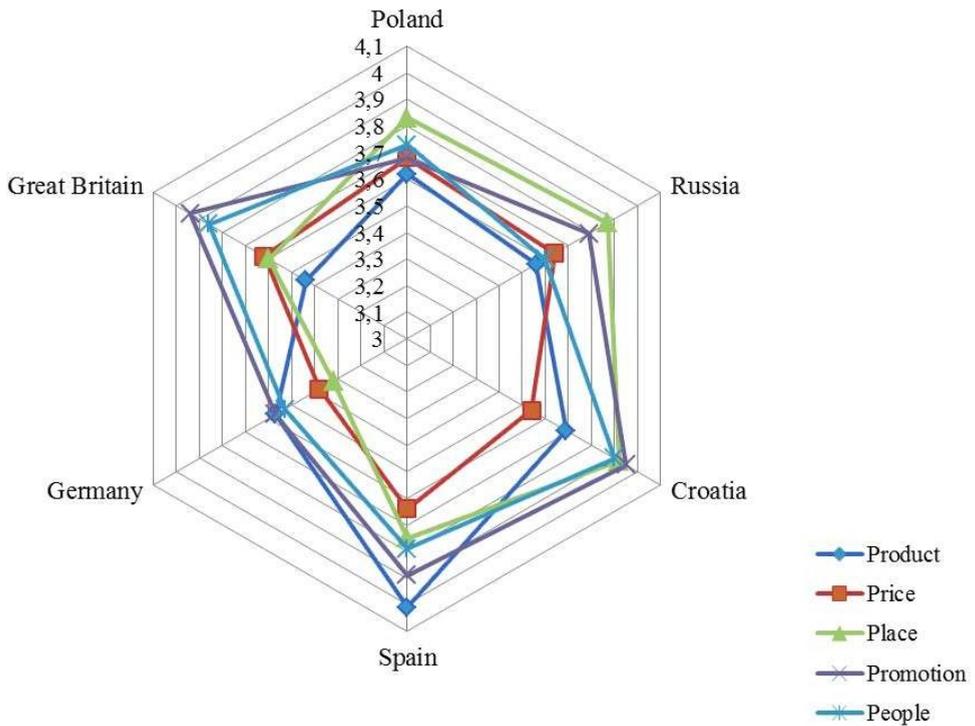


Figure 2 The choice of vector to apply socially responsible strategy in the six countries (see online version for colours)



Source: Authors calculation

We revealed that generally the promotion strategy is the most important direction (average value 3.8 points) for implementation CSR strategy in SMEs in the six countries. This direction is the major one for the following countries: Croatia, Germany and UK. The Russian (3.7) and Polish (3.7) business representatives are leaning towards the place strategy: logistics and distribution channels. Product direction is the most important for the Spanish business (4.0).

The major trends in the application of tools of socially-oriented SME strategies among the markets studied are grouped in the matrix in Table 2).

Table 2 Matrix of the CSR preferences in six countries

<i>Principles</i>	<i>Country</i>					
	<i>Russia</i>	<i>Poland</i>	<i>Croatia</i>	<i>Spain</i>	<i>Germany</i>	<i>Great Britain</i>
<i>Product strategy</i>						
1 Transparency of the provided information about the product/service	+	+	+	+	+	+
2 Eco-friendliness of the product	-	-	-	+	+	+
3 Lean production	-	-	-	-	+	+
<i>Place strategy</i>						
1 Ethical principles	+	-	-	-	-	-
2 Support of local suppliers	-	+	+	+	+	+
<i>Price strategy</i>						
The price of products/services corresponds to the quality	+	+	+	+	+	+
<i>Promotion strategy</i>						
Honest communication and two-way dialogue with consumers	+	+	+	+	+	+
<i>People strategy</i>						
1 Safe working conditions	+	+	+	+	+	+
2 Ensuring the work of the inhabitants of the region in the first place	+	+	+	+	+	+

In many ways, the prerequisites for CSR strategies in different countries are structured around: price, communications and people. Differences were found in the product strategy and distribution. A call for the business excellence and agility might be an answer why the prerequisites are not homogeneous. In general the institutional factors are very important to consider applying CSR strategy systemically. The results obtained confirm that the influence exerted by certain stakeholders (government and clients) have an important effect on the economic performance. The economic factor is based on a suggestion that post-transition countries with less advanced economy like Croatia, Russia and Poland are less involved into social investments at the SMEs level, while more stable economies in Germany and England allowing SMEs to invest eco-friendly production

(R&D, new equipment) as well as to support local suppliers. CSR awareness and public perception is fully dependent on cultural norms and historical development of such issues, interferes with institutional factors.

3 Conclusions and discussions

The principal purpose of this paper was to conduct an in-depth examination of CSR strategy in SMEs in diverse European countries. This was undertaken to broad society-centred CSR conception from level of exclusive large businesses to SMEs perception and implementation. Through analysing these perceptions, obstacles to implement socially responsible strategies are exposed in diverse institutional and cultural environment. The influence of the internal stakeholders, particularly owners' power and CSR awareness, as well as country socio-economic development shows impacts on social responsibility application practices. This finding has significant implications for the government in the sense that it should develop special education programmes and regulations in relation to SMEs efforts in CSR behaviour. Although the integration of the principles of social responsibility into the overall development strategy becomes a key characteristic feature of any business, SMEs often feel isolation from this trend lacking the understanding of mutual benefits for their business sustainable development and social impact that might be generated by them.

Business representatives and researchers prove that in order to make a profit in the long run it is necessary to satisfy the constantly changing and increasing needs of the interested parties (Bagiev and Asaul, 2001). Today customers want to receive high-quality goods and services. Moreover, partners prefer to work with companies that provide certified goods and pay attention to the pro-social and pro-ecological direction in daily activities.

The study of the aspects of sustainable development and social responsibility demonstrates the willingness of small and medium-sized businesses to participate in the life of society; respond to the customer's needs and apply new tools and methods. Many representatives of SMEs do not know the terminology, but consider that the implementation of socially responsible strategy elements allows increasing the level of the company's competitiveness.

In regard to the implementation of CSR activities the analyses indicate that SMEs, operating in all six countries, engage in all the operational areas of 5P marketing tools. However, the level of their activity in the individual areas is different. Due to descriptive studies we found the most important CSR direction in western and eastern countries (Table 3).

Table 3 CSR direction in western and eastern countries

<i>CSR direction</i>	
<i>Western countries</i>	<i>Eastern countries</i>
Germany – product, promotion	Russia – place, promotion
UK – promotion, people	Poland - place, people
Spain – product, promotion	Croatia – promotion, place

Moreover the similarities and differences in the practice of socially responsible strategies for the SME in countries with different socio-economic development were identified. On one hand, in many ways, the companies operating in different socio-economic environment follow in general the same CSR strategies (Table 3). Western countries focus mainly on promotion and product; and Eastern ones on place and promotion. On the other hand, there exist differences between the two groups of countries. The research proves that companies from Eastern Europe are more active in the area of price compared to Western countries. They attach much greater importance to creating offers that are slightly more expensive than their competitors' ones but are environmentally friendly; price differentiation consistent with the principles of ethics and the highest standards of honesty; as well as acknowledging the possibility of reducing the price of their offering through pro-ecological investments. At the same time, Western European companies make more active use of communication. They are more involved in charity work and sponsorship as well as ensuring honest, reliable, transparent and interactive communication with customers than companies from Eastern Europe.

Some differences were also found in the place and strategies product. SMEs from the less developed markets show significantly greater activity with regard to distribution. They are more inclined than Western European managers to act in accordance with the principles of socially responsible marketing as regards the selection of partners in the distribution channel, the organisation of the supply chain (including the optimisation of logistics processes), as well as ensuring transparent and ethical cooperation. The research revealed also that more stable economies like Germany and England allow SMEs investing in lean production (R&D, new equipment). Also study identified that all countries except for Russia primarily support local suppliers. In regard to the product strategy, it should be stated that Western European SMEs are considerably more active. This is particularly evident in their focus on minimising any negative environment impacts from the process of creating the highest quality offering and the from production processes; the use of sustainable packaging; as well as striving to obtain certificates that manifest the companies' commitment to socio-environmental issues.

Finally, as concerns people (employees), neither of the analysed groups of countries seems to be clearly more active in this area than the other. SMEs from the UK, Germany and Spain are more committed to ensuring healthy and safety in the workplace as well as offering employment priority to people from the region. Respondents from Poland, Russia and Croatia, in turn, pay more attention to encouraging employees to participate in volunteer programmes and creating Work-Life Balance schemes.

The results open a new page in understanding the patterns and motivation of SME in taking part in socially responsible activities in general.

Factors that influence the probability of using CSR by small and medium-sized companies have been identified by econometric modelling. The study proved that such factors as the presence of a CSR-dedicated mission, awareness of CSR meaning, the age of the firm, Internet sales and the country's GDP influence the application of social responsibility in SMEs. Thus, macro- and microeconomic factors influence on CSR practice in SME.

The theoretical and practical implications of this research include:

- 1 a new assessment method of the socially responsible concept
- 2 identification of CSR development determinants and its motivation
- 3 recognition of CSR in SME in the chosen markets
- 4 CSR implementation scenario in six countries.

4 Limitations of the study

The presented results have some limitations, which will create challenges for future research. First of all, although the study contributes to the field of CSR in SMEs research based on a large sample across six countries, the sampling method does not allow to fully generalise the findings. Another limitation is that the research sample comes from only one sector of the economy, the food and drink industry; therefore the results cannot be referred to the whole population of SMEs. It would be interesting to extend the research to other sectors and examine the determinants of CSR strategy implementation in specific industries. Another limitation is that the research is of declarative character, and thus may suffer from a social desirability bias. Therefore the research results could be reinforced in future with in-depth interviews and case studies with SME managers on the scope and motives for the implementation of the sustainable marketing concept.

5 Managerial implications

From a managerial perspective, the present study brings some important contributions for SMEs managers regarding the implementation of SCR strategy. The findings of this study indicate that if the concept of CSR is to be an effective strategy that SMEs will benefit in the long time, it should be embedded into the company mission statement. The research revealed that successful CSR implementation is determined by the company's mission. Therefore managers should be committed in creating an enterprise-wide vision of socially responsible organisation. Also the idea of CSR strategy (its essence, benefits) should be widely communicated to managers at different levels of management since their CSR awareness is crucial when implementing the strategy. Because CSR strategy execution requires personal engagement of employees, both attitudinal and behavioural change of attitude towards it is important. They have to believe in it and see their role in the process of CSR implementation. Therefore managers must show everyday their care and involvement in that concept.

Developing a socially responsible strategy, it is necessary to take into account the influence of the state and society. Especially these aspects are most relevant when companies enter the international market (for SME, for example, export or franchising). As the study showed, the higher the level of socio-economic development of the country, the more likely the application of socially responsible strategies by companies. Consequently, there are questions of the company's competitiveness in this industry, the conditions of its functioning, the requirements of the state and the expectations of society.

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