

# ***The impact of the combination of CSR actions and CSR management tools on the perceived performance in SMEs***

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Corporate Social Responsibility (CSR) is part of the relationship between the company and society. This concept has been developed further to the meeting of two paradigms, namely, business ethics and sustainable development (Mathieu, 2008). CSR refers to the contribution of companies to sustainable development challenges (social, environmental and economic) (Quairel-Lanoizelée, 2012). Mostly, CSR research tend to focus on larger enterprises than SMEs. Recently, several authors have shown an interest in CSR in the context of SMEs. SMEs have a significant weight in the global economy. In 2013, French SMEs make up 99.9% of economic fabric, account for 52% of employment and represent 49% of added value. Accordingly, SMEs are part of society and evolve within it. They often need resources to exercise their profession in order to ensure their sustainability. Consequently, they are liable to society (Capron, 2012) and should take into account stakeholders' expectations. This justifies that SMEs should take into consideration their social and environmental role.

In fact, SMEs are specific (Julien, 2005 ; Torrès, 1999). Large enterprises' practices may not be applied to SMEs (Jenkins, 2004 ; Katz, 1989). The letters have their own specificities (Lapointe et Gendron, 2004) such as informal strategies, a personalized management system, a basic information system and the lack of financial and human resources (Torrès, 1999). In view

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of these particular characteristics, CSR implementation in SMEs requires specific strategies and approaches.

Academic research on CSR and SMEs has been significantly developed in the last decades (Cherkaoui, 2016 ; Courrent, 2012 ; El Bouserghini et al., 2016). This research noted that several factors may influence SMEs to have a responsible behavior. Among these are the firm's activity sector (Oueghlissi, 2013), the size of enterprise (Spence et al., 2006), the influence of stakeholders (Wolff and Bosia, 2014) and mainly the key role of the owner-manager (Murillo and Lozano 2006). Researchers that promote SME's manager try to explain that this manager influences his firm as well as internalize his management style. He plays a crucial role, moreover, his personality has a major impact on corporate management and strategy (Castro, 2002 ; Duchénaut, 1997). Beyond the role of managers, several authors noted that the implementation of CSR practices in SMEs requires consideration of stakeholders' expectations having an impact on corporate activity (Mercier, 2010 ; Sahed-Granger and Boncori, 2014). Stakeholder theory specifies that the manager should not only focus on profit maximization but also balance stakeholders' interests (Mercier, 1999). In fact, stakeholders may influence or be influenced by the firm. Therefore, stakeholder theory allows, on the one hand, to manage and evaluate corporate responsibility to ensure a strategic and ethic management, on the other hand, it determines corporate decisions toward stakeholders (Donaldson and Preston, 1995).

Based on a systematic review of the academic literature, Sustainable behavior of SMEs may be expressed through implementing environmental and social actions. The environmental actions concern organization's role (Julien and Marchesnay, 1988) in protecting environment. This refers to an optimal and efficient use of natural resources, the optimization of transport, waste recovery and management, recycling... Therefore, the firm may set up an environmental management system that complies with standards and contributes to the company's credibility toward stakeholders, in order to control and monitor its environmental footprints (Walley and

Whitehead, 1994). Responsible behavior of SMEs also refers to a development of social actions. These include the fight against discrimination, developing good working conditions, reducing social inequalities, establishing social dialogue, and developing questions related to cooperation, diversity and flexibility within company (Hammann et al., 2009).

However, the environmental and social behavior of SMEs requires financial and human investments, changes and time. But, beyond social and environmental actions, CSR in SMEs maybe associated with the implementation of CSR management tools to assess environmental, social and economic performance of the company. These CSR management tools are relevant, it allows managers to supervise its actions continuously, to monitor the performance, to communicate their responsible achievement to stakeholders and to identify CSR benefits which help the company to maintain a competitive advantage. Consequently, CSR activities should be measured, unless it would be overlooked (Gond et al., 2012).

Few researchers have developed CSR management tools, which are adapted to specificities of SMEs such as CSR scoreboard, CSR annual reports or societal reports in order to evaluate and communicate the environmental and social contributions. The environment surrounding the organization has requirements and obligations that firm should respect in order to ensure its legitimacy (Greenwood et al., 2008). In this context, neo-institutional theory may explain the reasons that lead to the implementation of CSR management tools in SMEs. This theory argues that organizations placed on institutionalized environment are exposed to high pressure regarding CSR principles (DiMaggio and Powell, 1983). Thus, the neo-institutional approach demonstrates organizations' incentives to set up CSR management tools.

The concept of global performance has been developed in Europe by the "Centre des Jeunes Dirigeants" (Center of young owners-managers) (Calme and Bonneveux, 2015). The global performance represents a reconciliation of economic, social and environmental performance that corresponds to sustainable development issues entitled "Triple Bottom line" or "People, Planet, Profit" (Elkington, 1997). There are few research papers related to tools that evaluate

jointly the three dimensions of global performance (e.g. Sustainability Balanced Scorecards (SBSC), Global Reporting Initiative (GRI)). However, these tools are not suitable for SMEs because of their complexity and require formal procedures (Perrini and Tencati, 2006).

The results of previous research come up with primary responses about CSR in SMEs. However, there is still more to learn about the impact of CSR's practices on global performance of SMEs. Consequently, it would be relevant to study how managers of SMEs perceive their organization's performance, and the influence of stakeholders in global performance measurement.

The objective of this research is to explain how the combination of CSR actions and CSR management tools lead to the perceived performance in SME. This paper aims to identify CSR actions and management tools implemented by SMEs. It determines as to what extent managers and other stakeholders are related to the establishment of CSR practices (actions and management tools), identifies CSR drivers and analyses the impact of CSR management tools and CSR actions on the perceived global performance.

To answer these research questions, we carried out a qualitative research which is used to understand people's daily lives, what people are thinking and how they face reality. The data were collected by conducting twenty-seven semi-structured interviews with managers of French SMEs who are involved in CSR. We chose this actor because SME has a personalized management system, which is established by the manager. This actor plays a significant role in the company, he is aware of all implemented actions and takes all the major decisions.

To obtain relevant information we used an interview guide, which consists of four thematic areas. The first thematic area concerns manager's profile (age, education, values and principles, goals...) and the company's profile (age, size, sector...). The second thematic area covers the responsible commitment of SME through the implementation of CSR actions and management tools and identifies CSR drivers. The third thematic area attempts to analyze the influence of managers and stakeholders to integrate CSR actions and management tools. Then the last

thematic area focuses on the perceived impact by managers of CSR actions and CSR management tools on the global performance of SME. We have selected companies with the assistance of different organizations, namely, community “Lucie”, confederation of small and medium enterprises in Occitanie (CPME of Occitanie), Centre de Jeunes Dirigenats (center of young owners managers), Global Compact and Benefit Corporation community, which provided us information about SMEs that are more likely to be part of our sample. SMEs that represent our sample are not representative of the entire French SMEs. In fact, the sample included firms demonstrating their commitment to CSR through Lucie’s label and AFNOR certifications. Face-to-face interviews have been administered with managers at their firm’s premises, from October 2017 until Mai 2018 and lasted from one to two hours. All interviews were recorded with the permission of the respondents and fully transcribed. The data analysis was completed by a thematic analysis through the four thematic areas of the interview guide and using Nvivo 12 software.

Our findings confirm that all participant companies have implemented CSR actions. However, these actions do not necessarily lead to the implementation of CSR management tools. Four out of twenty-seven SMEs do not have CSR management tools. In fact, the lack of the CSR tools knowledge, the limited time and the size of the company represent the main factors that discourage this minority of managers to get CSR tools. This study determines two categories of CSR management tools: 1) CSR supporting tools that help to identify CSR objectives and communicate responsible achievement to stakeholders such as Lucie label, Afnor certifications and evaluations, and 2) CSR monitoring tools that enable to control CSR actions, measure the global performance and identify CSR benefits such as CSR scoreboards or carbon balance. In fact, our study highlights four categories of CSR practices in SMEs: 1) SMEs implementing CSR actions without management tools, 2) SMEs that have established CSR actions and CSR support tools (but without CSR monitoring tools), 3) SMEs implementing CSR actions with

CSR monitoring tools and 4) SMEs that have implemented CSR actions and have both the CSR support tools and CSR monitoring tools.

Our research also revealed three main CSR drivers of managers, notably, the manager's personal conviction, the company's performance and constraint of stakeholders. However, these drivers do not lead to the same practices.

The influence of stakeholders was also investigated. All managers interviewed integrate stakeholders' interests in the CSR process. This result is in line stakeholders' theory. Moreover, previous research in CSR discusses stakeholders in general. Our study revealed that managers perceive stakeholders influence differently. Employees and customers are the most important stakeholders taken into account by all of the participants. SMEs are facing a coercive pressure from customers in order to implement CSR practices which is in line with neo-institutional theory.

Then, suppliers come after employees and customers to influence CSR practices in SMEs. Auditors and consultants also have a significant role in assisting the implementation of CSR actions and/or CSR management tools in SMEs and provide guidance and direction to managers in the CSR process. Finally, other stakeholders such as association, shareholders, competitors, franchisor and chartered accountant may have a limited impact on the implementation of CSR. Accordingly, there are three kinds of stakeholders influences in terms of CSR practices: 1) SMEs implement CSR practices to meet stakeholders' expectations (employees, customers and competitors) in order to improve economic and/or social performance. This result is in line with the instrumental approach of stakeholder theory which confirms that consideration of stakeholders' expectations maximizes the performance. 2) Stakeholders assist SMEs to implement CSR actions and CSR management tools (auditors, consultants, associations) and 3) stakeholders force SMEs to establish CSR actions and CSR management tools (shareholder and franchisor).

Further to the manager's perception, CSR actions and CSR management tools coexist and influence each other. On the one hand, supporting management tools enable to determine the objectives, structure CSR actions and give them legitimacy towards stakeholders. Monitoring management tools help to control and measure CSR actions and provide corrective actions if necessary, in order to improve the performance. On the other hand, CSR actions are based on CSR management tools that define the choice in terms of these actions and measure their impact on the global performance. Our findings are in line with the Deming wheel used for control and continuous improvement. Therefore, the combination of CSR actions and CSR management tools is relevant in CSR process. It improves global performance by ensuring continuous improvement process.

Our research has several implications. First, it provides a better understanding of CSR actions and CSR management tools in SMEs. The previous research has demonstrated that CSR commitment of SMEs depends on the manager's role and his personal conviction. Our study confirms that CSR refers to a transparent commitment, which mainly depends on the manager's personal convictions. The implementation of CSR approach is related to manager perception of CSR. Thus, the manager's motivation and his ethical values explain the CSR commitment of the SME. Furthermore, this research provides information regarding CSR management tools in SME, which are rarely developed in literature. The present research indicates that the implementation of CSR actions and CSR management tools is crucial in CSR commitment of SMEs. CSR practices are stated by SMEs as a strategic management tool that aims to enhance their global performance.

However, this research has several important limitations that lead to future research directions. First, the interviews are founded on a small sample of SMEs (only twenty-seven SMEs) located in different regions. Future researchers should further expand the research in SMEs located in the same region. In addition, the organizations in the sample we provided, operate in different sectors. Further research should conduct sectoral analysis that would investigate the impact of

CSR management tools in the context of SMEs that belong to the same sector. Finally, future researches are expected to conduct interviews with stakeholders that can assist SMEs in the implementation of CSR practices such as auditors and consultants.

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