

# **COGNITIVE APPROACH: REASONS OF THE IMPLEMENTATION OF CSR PRACTICES BY THE SME OWNER-MANAGER**

**Rosalie DOUYON**

EDC Paris Business School  
Observatory and Research Center on Entrepreneurship  
Montpellier Research in Management  
Labex Entreprendre Montpellier  
Mail : rosaliedouyon@yahoo.fr  
France

**Agnès PARADAS**

MCF-HDR in Management Sciences  
University of Montpellier  
Montpellier Research in Management  
Labex Entreprendre Montpellier  
France

## **ABSTRACT**

As a contribution to the emerging field of corporate social responsibility (CSR) cognition, this research reports on the findings of an exploratory study that analyze the decision-making process of the CSR commitment by the SME (Small and Medium-sized Enterprises) owner-manager through the cognitive map. Using cognitive mapping as a tool for representing and analyzing cognitive patterns, the results of this research show that the motivations for the integration of CSR practices by SME managers are diverse. Therefore, for some managers, the CSR commitment is a strategic challenge in achieving the company's objectives and improving its image and for others the implementation of CSR is a real personal conviction without strategic calculation.

**KEYWORD:** SMEs, CSR, Owner-Managers, Cognitive Maps.

## **INTRODUCTION**

In 2001, in the Green Paper of the Commission of the European Union, a promotion of CSR (Corporate Social Responsibility) is encouraged and more specifically in SMEs (Small and Medium-sized Enterprises), including micro-enterprises, because they play a major role in the development of the economy and employment (Berisha and al., 2015). Thus, the impact of SMEs should not be minimized (Ayuso and Navarrete-Báez, 2017, Puppim de Oliveira and Jabbour, 2017) in the implementation of responsible practices as they are first in the European and global socio-economic landscape, where they represent more than 95% of firms and about two thirds of private sector jobs (French Organization for Economic Co-operation and Development, 2016). With this representativeness, the issue of social responsibility becomes indispensable for them.

As pointed by some research, the SME manager plays a key role in the strategic decision making of the company (Szczanowicz and Saniuk, 2016). Thus, it may be interesting to observe from the cognitive approach with the mobilization of cognitive maps, the representations of the own-manager in his decision-making about responsible commitment. Because in the SME, the power and the decision are strongly centralized, so the analysis of the representations of the own-manager remains essential.

Therefore, the mobilization of cognitive mapping can provide an in-depth analysis of the cognitive aspects of the own-manager decision-making about CSR commitment. But it allows also to identify, beyond mere discourse, the complexity of the own-manager thinking in decision-making. Analyzing CSR as a cognitive dimension allows more further analysis, compare to many studies on CSR in SMEs. The main advantage of such graphic representations is to facilitate the overview, presentation and interpretation of captured aspects of cognition (Fuglseth and Gronhaug, 2002).

Thus, the research question is: What are the reasons that encourage the decision making of the CSR commitment of the SME owner-manager? In order to answer to this question, in the first part will be proposed: a conceptual analysis of the owner-manager cognition and his decision-making regarding CSR commitment. This analysis will allow to understand the link between the owner-manager cognition and the adoption of his strategy. At the second part, the research approach regarding empirically dimension and the analysis and presentation of the results will be developed and exposed.

### **CSR and Cognition in SME**

The management of the SME is highly dependent on its owner-manager (Simen, 2017). The representation of the owner-manager regarding its environment can have an influence on its decision-making about CSR commitment. According to the research of Basu and Palazzo (2008), cognitive research in CSR seeks to understand the cognitive process, structures and mental models related to the concept of CSR. The authors argue that it is important to understand "the mental frameworks and meaning-making processes in which CSR is embedded". Thus, in the context of the SME, the interactions between the actions and the vision of the owner-manager are permanent, because it seems that he reasons frequently from his daily actions. We can suppose that in an SME the strategic vision and the concrete decisions belong to the same person: the owner-manager (Carrière J.B., 1991). So, the SME owner-manager

value system is a critical component of strategy and organizational decisions (Hornsby J. and al., 2002).

The small company is generally managed by a single decision-maker who will face, in the same day and at random solicitations, a considerable mass of questions of different natures (Julien and Marchesnay M., 1988). And then, it is essential to focus on the mental representations of this key figure of the SME regarding its decision-making strategy. What about the strategy of the SME and the cognition of its owner-manager?

### ***Business strategy and owner-manager cognition***

Several actors can be identified within the organizations. One of them is regularly investigated and has become important in research in cognition and management sciences, it is the owner-manager (Fassin and al., 2015). In addition of its importance in defining corporate strategy, the influence that he exerts on the various stakeholders in its environment is important (Kornilaki and Font, 2019).

The cognitive perspective considers that the business manager cognition is a key element in explaining strategic decisions (Laroche H., Nioche J.P., 1994). "The decision exists in the eyes of managers" (Laroche H., 1995: 63) hence the importance of focus on this key player. Strategic management researchers are increasingly exploring the cognitive aspects of manager. This is due to the rise of the recognition of the importance of managers perception on research making links between environment, strategy and structure, but also to a greater awareness of the role of cognition in diagnosis or formulation of problematics (Schwenk CR, 1988).

### ***The cognition of the owner-manager***

According to a cognitive approach, it is not conceivable to understand an organization, whatever its size, without knowing what the stakeholders think and how they think (Cossette, 2004). In SMEs, decision-making is, as we have already mentioned, generally centralized in the hands of the manager. His cognition thus has a fundamental influence on the policy and development of the company.

As all the important actions of the SME management are attributed to the only person of the owner-manager, so it seems relevant to more focus on this main actor. The SME manager tends to stay at the heart of the company's management system and influence it through his vision. This key role can be an asset for the speed of decisions making, but also a disadvantage, because when the whole strategy of the company depend of one person it can be very dangerous.

Which means that, as the SME manager plays a decisive role for his business, he is likely to represent both a strong point and a weak point. This expose him daily to an important psychological weight. Posner and Schmidt (1984) have shown that the behavior of SME managers strongly influences those of their employees. Management plays a key role in formalizing the values disseminated in the company. The values and principles followed in the company are elements of continuity and stability essential to its good development (Mercier, 2004).

A survey on the profile of manager (Duchéneau, 1997) shows that in SMEs, managers take decision by intuition. The strategy is often informal in small businesses (Robinson and al., 1984). But letting more intuition guide this strategy does not means that managers are irrational, but in generally their strategies are formulated in cognitive limits (Stubbart, 1989).

Approaching the strategy or strategies of SMEs in a cognitive way is justified then. The main contribution of the cognitive approaches of SMEs is "to remind that the strategy cannot be reduced to a mechanics, as sophisticated as it is" (Barrand and Goy, 2005: 111). The strategies of SMEs have also been the subject of many investigations, mainly with the help of individual cognitive mapping. It is clear that the cognition of the SME manager plays an important role in his managerial decision-making.

## **METHODS**

### **CSR: analysis of the Cognitive Schemes of two SME managers regarding the reasons of their decision-making about responsible engagement**

To analyze the drivers of decision-making for the responsible engagement of the SME owner-manager, its means understand the idiosyncratic vision of his responsible commitment, it was wise to use cognitive maps. Because this method goes beyond mere discourse to identify the owner-manager beliefs about his responsible practice. Thus, according to Gendre-Aegerter (2008), to understand the cognitive schemas of the owner-manager goes through the decision-making context, which comes under the analysis of the cognitive dimension.

For a qualitative study as for a quantitative study, the sample size will depend on the researcher's objective (Royer and Zarlowski, 2003). Thus, our objective being to understand through the cognitive schemes the reasons that motivated the decision-making of the owner-manager, it was interesting to proceed by a cognitive map case study, because each individual has reactions and behaviors that are specific to him. , called idiosyncrasy (Cossette, 2004), that allow to understand the logics of the actors and respect their frames of reference.

Thereby, we decide to mobilize an exploratory methodology based on the study of multiple cases. Thus, data collection was based on a sample of two SME managers that should be considered as two cases to study. An interview guide on issues related to decision making for responsible engagement has been established. The questions were formulated to explore the owner-manager mental process without suggesting any answers. Thus, we seek to highlight the factors that influence and are influenced in order to build a cognitive map (Cossette, 1994). One of the questions was:

✓ *Can you talk about the reasons that led you to responsible engagement?*

The owner-manager speech based on this question allow to understand the factor that motivated him and led him to decision-making. Given the eloquence and spontaneity of the speeches, we took care to record the interview in order not to omit any element. Then it was transcribed to ensure the rigorous processing of data and cognitive processing using the Decision Explorer software.

The choice of the interview method of collection was influenced by the desire to produce the most natural data possible and also to avoid the use of certain collection protocols that can be considered tedious by the owner-manager. Moreover, according to Allard-Poési (1997) the interview method is one of the most reliable and rigorous methods.

### **Why the choice of two cases?**

Generally, for studies with individual cognitive maps, samples of one to thirty maps are obtained depending on the method of data collection and the purpose of the study (Gendre-Aegerter, 2008). For example, in his doctoral thesis, Allard-Poesi (1997) realizes the individual cognitive maps of three groups of five people in order to bring out collective representations. Verstraete (1997), for his part, use in his thesis a unique case for exploratory purposes. According to Yin (1990), for the in-depth investigations, some cases already constitute substantial field work. Thus, it seemed appropriate to us to limit our sample to two cases of SMEs with two different profiles of owner-manager, in two different sectors. Because the qualitative approach of the cognitive map aims to examine in depth a selected case in order to provide a structured image of the studied phenomenon (Cossette, 2004). In addition, each SME differs in its business, structure, profile and personality of its owner-manager. So, the small size of the sample does not preclude the analysis of common trends, because if trends are affirmed in such a heterogeneous context, it can be assumed that they will be on a larger scale (Gendre - Aegerter, 2008).

## **FINDINGS**

### **Cognitive representations of owner-managers: the analysis of decision-making factors that led to CSR commitment**

#### **Mental representations: What are the reasons for decision-making in the CSR commitment of the SME owner-manager?**

Overall, the analysis of the four criteria of Cossette (2004), (the centrality of concepts, clusters, links explanations and consequences and loops), reveal differences as to the reasons which motivated the decision making of the implementation of CSR by the two owner-managers

Indeed, it is from his representations, experiences and values, that the owner-manager builds his own reality of CSR. At the same time, in the structure of his thought, he will seek to understand the concordance of CSR with its values (culture), with the advantages that it could bring to his company (strategy), and also to evaluate if this is in adequacy with the characteristics of his company (structure). And then when this concordance provides adequate answers to all of these questions that decision-making on the CSR commitment will be possible. This process is the cognitive organization of the decision-making to CSR commitment of the owner-manager.

Thus, for the owner-manager 1, decision making about CSR commitment is motivated by a personal conviction in line with CSR values but above all by an awareness of suffering at work, of one's own experience and respect for the environment in line with its core business. Therefore, for the owner-manager 2, the implementation of CSR does not constitute a means but rather an end. CSR is an advantage, a strategy for the development of the company. This is two approaches regarding the reasons for CSR integration in an SME, in contradiction with some research on CSR in SMEs (Lee and al., 2016; Fassin and al., 2011). Because our result show that the SME manager can also be interested by the strategic dimension of CSR and he can engage in the process not only by personal conviction. As underlined by Battisti and Perry (2011), without calculation, CSR commitment is represented as an action for employees and society, a voluntary approach with social values by the SME manager. In the same way, the research of Battisti and Perry (2011), Lee and al (2016) and Paradas (2006a, 2007b) suggest that personal beliefs of the owner-manager seem to be more important in the involvement of SMEs in CSR practices. However, as highlighted by the study of Johnson (2015) and Testa and al. (2016), CSR is very often existing in SMEs, without necessarily thinking about its financial

advantage. However, this study highlights that some SME managers may also be motivated by profit for the benefits and the opportunity that the approach can bring to their business.

The strong presence of the social dimension in the reasons that led to responsible commitment is understood as the contribution to the improvement of ecological and social well-being (Parrish, 2010). According to Weick (1995), it is the intended objectives that encourage the person to invest in an action. He also explains that individual and / or collective experiences make engagement possible, as we have seen in the case of the owner-manager 1. But strategic positioning also favors the direction of the decision-making of the owner-manager. According to Weick (1995), the person will involve in an action because this participation is likely to satisfy his personal interests.

## **CONCLUSION**

The aim of this study was to analyze the reasons that motivate decision-making in the CSR commitment of the SME owner-manager through mental representations.

Our exploratory qualitative study notes that CSR is a reality for the SME managers. But contrary to several research developed in the literature on CSR in SMEs (Jamali and al., 2017; Camacho and Fernandez, 2018), the owner-manager can also be motivated by the benefits that CSR brings to his business. For that, the motivations for the implementation of CSR practices of the owner-manager are diverse. While for some of them CSR commitment is a strategic issue in achieving the objectives and improving the image of the company and for others the implementation of CSR is a personal conviction.

The main contribution of this study lies in the adoption of a cognitive approach with the use of mental maps to analyze the cognitive patterns of the SME owner-manager regarding to his decision making in the CSR commitment.

The results obtained are important and interesting both theoretically and practically dimension. From a theoretical point, the analysis of the cognitive schemas of the SME owner-manager allow to lay theoretical foundations on the importance of cognition in the analysis of CSR in SMEs and highlight that it is essential to analyze the idiosyncratic vision of the owner-manager to understand how he makes his decisions. It is difficult to understand the SME, if we are not interested in to is owner-manager cognition.

From a methodological point, this research has allowed the application of a cognitive approach through the use of cognitive mapping. It has helped to highlight the relevance of the use of a

cognitive method in the integration of CSR principles into SMEs. Because it allowed to focus on the representations of the manager and to explore the way in which the reasoning when it comes to engage in the practices of CSR. This study enriches the literature, giving particular importance to the use of cognitive approaches to understand and explain the internal, cognitive dimension of the CSR commitment of the manager. Thus, the cognitive map helps to better understand the path of the SME manager's thinking, he's interests, he's goals and motivations regarding CSR commitment.

According to Gendre-Aegerter (2008), qualitative research is often criticized for not taking sufficient account of the observed phenomenon. But the approach by the cognitive map can respond to this criticism by showing the rigorous and thorough character of the approach.

On the managerial level, this study contributes to the integration of CSR into SMEs, in support of the objectives of the European Union which gives importance to CSR in SMEs. In addition, the mobilization of the cognitive map method in the CSR approach could also enable the manager to identify the key elements that are at the heart of his CSR strategy and to better understand the structure of his thinking, particularly in the decision-making about CSR. Because cognitive maps help the person in making decisions and the owner-manager in the strategic management of his business. They can also reveal the mechanisms that structure the thought and strategy of the manager, which fosters the understanding of the reflections that block certain actions and serve as a draft strategy.

As pointed by Paradas (2009), the mobilization of cognitive maps is a very rich contribution to the understanding of decision-making processes and the evolution of management systems.

This study also presents a certain number of limits which constitute as many avenues of research for the continuation of the research. In particular, the exploratory character of the research with the analysis of two cases, which constitutes a sample of small size.

This research offers, in our opinion, an original contribution to the understanding of the motivations that lead the decision-making to the CSR commitment of the SME manager. As an extension of this research, the objective of future research with cognitive mapping would be to create several maps with different SME managers who are responsible in order to carry out a comparative analysis on their CSR engagement process. Thus, it would be interesting to observe the differences in terms of representations with respect to the CSR commitment process.



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