



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Size Matters

A Cross-sectional Study of CSR Practices in 10 Swedish SMEs

Bachelor's Thesis in Corporate Sustainability

Spring Semester 2022

The School of Business, Economics and Law at the University of Gothenburg

Department of Business Administration

Supervisor:

Marta Gonzalez-Aregall

Authors:

Cornelia Bergquist

Anna Björk

Nathalie Chapman

Abstract

Traditionally, small and medium sized companies (SMEs) have not been as closely identified with corporate social responsibility (CSR) as large corporations (LEs) have. LEs and their CSR activities have received a lot of attention, but less emphasis has been paid to the potential barriers to CSR adoption in SMEs. 99.9 percent of all companies in Sweden are SMEs and therefore more research is necessary. Previous studies have made important discoveries but are limited in quantity. The aim of this paper was to gain a better understanding of how different Swedish SMEs practice CSR, and what obstacles they may face. In order to achieve the purpose, a cross-sectional study with semi-structured interviews with ten different Swedish SMEs was conducted. The results were compared to theories, models, and previous research. In conclusion, the study's results largely correspond to previous research, but with a few exceptions. There is a correlation between companies' size and to what extent CSR is practiced, and the main obstacles to exert CSR are shortage of resources in the shape of knowledge, human and financial capital.

Keywords: corporate social responsibility, CSR, SMEs, Sweden, triple bottom line, obstacles

Acknowledgements

Firstly, the authors would like to express their gratitude towards the participating companies. Without your participation, this thesis would not have been possible. We appreciate that you took your time to answer our questions, and that you provided us with interesting perspectives on sustainability in SMEs.

Secondly, we would like to thank our supervisor, Marta Gonzalez-Aregall, for guiding us through this process with constructive criticism and optimism. Your comments and suggestions have been invaluable for the thesis. We also appreciate that the opponents took time to read and discuss the thesis with us.

Finally, the authors would like to thank each other for a great collaboration throughout this process. Our different strengths and weaknesses have complimented each other, and contributed to a thesis that we all are very proud of. This thesis ties together a great ending to our three years at the School of Business, Economics and Law.

Table of Contents

1. Introduction	1
1.1 Background	1
1.2 Problem Analysis	1
1.3 Purpose	3
1.4 Research Question	3
1.5 Delimitations	3
2. Theoretical Framework	4
2.1 Stakeholder Theory	4
2.2 Legitimacy Theory	4
2.3 The Triple Bottom Line	5
2.3.1 Examples of CSR Activities	6
2.4 Corporate Social Responsibility	7
2.5 Characteristics of SMEs	8
2.5.1 General Differences Between SMEs and LEs	8
2.5.2 Ownership Structure	10
3. Literature Review	10
3.1 SMEs and CSR	11
3.2 Obstacles and Drivers of Implementing CSR	12
3.3 The Location's Role in CSR engagement	13
3.4 Studies Conducted in Sweden	13
4. Methodology	15
4.1 Development of Theoretical Framework	15
4.2 Research Design	16
4.2.1 Selection of Companies	16
4.2.2 Development of the Interview Guide	17
4.2.3 Conduction of Interviews	17
4.3 Evaluation of Data	18
4.4 Critical Reflection of Methodology	19
5. Results	20
5.1 Presentation of the Enterprises	20
5.1.1 Table of Summary	21
5.2 Recognition of CSR	22
5.2.1 Perceived Responsibility	23
5.3 Major Stakeholders	24

5.4 CSR Activities	25
5.4.1 Social and Ethical Aspects	25
5.4.2 Economic Aspects	26
5.4.3 Environmental Aspects	28
5.4.3.1 Certifications and Policies	28
5.4.3.2 Activities to Reduce Climate Footprint and Waste Management	28
5.5 Perceived Obstacles of CSR	30
5.6 Perceived Future Challenges	31
6. Discussion	33
6.1 Recognition of CSR	33
6.2 Ownership Form and Management Structure	33
6.3 Major Stakeholders	34
6.4 Size	36
6.5 Location	37
6.6 CSR Activities	38
6.7 Perceived Obstacles of CSR	39
6.7.1 Drivers for CSR	41
6.7.2 Perceived Future Challenges	41
7. Conclusion	43
7.1 Contributions	44
7.2 Recommendations for Future Research	44
References	45
Appendix: Interview Guide	54

1. Introduction

In this section, the matter of CSR in SMEs is problematized, and the research question, purpose and the delimitations of the paper are presented.

1.1 Background

The European Commission (2011) defines corporate social responsibility (CSR) as the accountability enterprises possess over the influence they have on society, which includes environmental, legal, ethical and consumer concerns. Traditionally, CSR has not been as associated with small and medium sized enterprises (SMEs) as with large enterprises (LEs) (Jenkins, 2006; Sweeney, 2007). If an enterprise has between 10 to 249 employees and an annual turnover between 2 MEUR to 50 MEUR it is classified as a SME (European Commission, n.d.). While SMEs seldom attract a great deal of attention, or make a significant impact alone, together they form a remarkable part of the economy and society (Jenkins, 2006). Of all employers in developed countries, the majority of them fall under the concept of SME (Deijl et al., 2013). In the European Union (EU), SMEs account for 99 percent of the business (Ciliberti et al., 2008). Moreover, in Sweden 99.9 percent of all enterprises are SMEs, which is of great significance. Out of Sweden's trade and industry, SMEs hold 65.2 percent of all employment, and generate 61.2 percent of the added value (European Commission, 2019). LEs and their CSR practices have been well researched, while SMEs have lacked attention. As the research field has begun to recognize the social, environmental and economic impact SMEs have, the focus from LEs has shifted. Many SMEs believe they have responsibilities towards society and the environment (Eriksson & Ahlstrand, 2011) which they need to pay attention to (Castka et al., 2006). However, much of the reflections about CSR and SMEs are based upon assumptions of how these companies act. Current approaches assume LEs to be the norm, and that CSR can be implemented in the same way for SMEs as in LEs. Therefore, this paper aims to deeper examine how SMEs work with CSR.

1.2 Problem Analysis

The society is embossed by climate change and social injustices, and for the world to become more environmentally and socially sustainable all humans and companies must contribute (United Nations, n.d.). To address this matter, different initiatives have been conducted, for example the

1997 Kyoto Protocol¹ by the United Nations Framework Convention on Climate Change (UNFCCC) which 192 Parties were signed to (UNFCCC, 2022a). In 2015 the UNFCCC formed another initiative to tackle global warming, the Paris Agreement² which was signed by 196 Parties (UNFCCC, 2022b). In addition to this, the members of the United Nations adopted a new development agenda in 2015 called Agenda 2030, consisting of 17 Sustainable Development Goals (SDGs). The SDGs have three focus areas; environment, social and economic aspects, which are further divided into people, planet, prosperity, peace and partnership (United Nations, n.d.). If the SDGs are going to succeed everyone needs to contribute, and companies all around the world play an important part in creating corporate sustainability. To create corporate sustainability companies must operate to meet fundamental responsibilities in environmental, labor, human rights and anti-corruptions areas. Together these areas form the Ten Principles of the UN Global Compact, and by implementing them into procedures, strategies and policies, and achieving a culture of integrity, companies will preserve responsibilities to the planet and people and simultaneously pave the way for long term success (United Nations Global Compact, n.d.).

According to Ciliberti et al. (2008), investigating CSR in SMEs is pertinent for at least two reasons. Firstly, and as stated earlier, SMEs constitute a large majority of Europe (Ciliberti et al., 2008) and Sweden's business (European Commission, 2019). Secondly, CSR practices of SMEs differentiate significantly from the practices developed for LEs. The majority of SMEs are at firsthand managed by the owner(s), directly linked to stakeholders and the local community, have low bargaining power due to size, and are short of resources and support to practice CSR. The research on CSR practices in SMEs is gaining more attention, however, it is not as broad as the research concerning LEs (Ciliberti et al., 2008), and the existing results from LEs cannot be generalized to SMEs (Perrini et al., 2007). Jenkins (2006) suggests more research of how SMEs approach CSR, and that specifically sector-, size- and site specific studies are needed.

From the information presented above, it is clear that the research field on CSR in SMEs is deficient. To understand how SMEs can become more committed to CSR practices, it is important

¹ The Kyoto Protocol has binding limits for developed countries emissions of greenhouse gasses (UNFCCC, 2022a).

² The Paris Agreement is an international treaty which is legally binding with the goal to not reach a 1.5 °C raise in temperature as an effect of global warming (UNFCCC, 2022b).

to deeper investigate how SMEs are conducting socially responsible behavior, and what specific barriers exist. Therefore, the authors aim to contribute to the research field by conducting a cross-sectional study of 10 different Swedish SMEs and compare the results to previous research.

1.3 Purpose

The purpose of this paper is to better understand how Swedish SMEs with different ownership structures in different sizes and sectors practice CSR, and eventual obstacles with the implementation of CSR in SMEs.

1.4 Research Question

To fulfill the purpose of this paper, a research question has been formulated:

- ❖ Which CSR activities do different Swedish SMEs perform, and which are the eventual obstacles of implementing CSR practices?

1.5 Delimitations

All of the interviews were limited to Swedish companies located in different parts of Sweden. As none of the interviewed companies were publicly traded companies, the emphasis of this paper was put on examining the environmental and social aspects of CSR, rather than the economic.

2. Theoretical Framework

In this section, theories and frameworks related to CSR are presented, such as stakeholder theory, legitimacy theory and triple bottom line, along with information about CSR and what characterizes SMEs.

2.1 Stakeholder Theory

Donaldson and Preston's (1995) definition of the stakeholder theory states that companies create legitimacy by being transparent to their stakeholders. A cornerstone of the stakeholder theory is to accept the interests of all stakeholders and not just the stakeholders who have the ability to contribute with resources such as capital (i.e. shareholders). The theory describes how the company should act in the form of structures and attitudes to promote the relationship with the stakeholders. Mitchell et al. (1997) present a theory for identifying a company's most important stakeholders. The authors mention that the identification of the stakeholders is based on the managers perception of the stakeholders' legitimacy, authority and behavior. The stakeholders' financial interest is also addressed as an important aspect. According to Vázquez-Carrasco and López-Pérez (2013) the relationship with the stakeholders is often unique and personal in SMEs, and SMEs often tend to bring more attention to internal stakeholders such as employees. Previous literature also describes the difficulty for SMEs in identifying their major stakeholders, and that stakeholder theory may be more useful for understanding LEs than SMEs (Vázquez-Carrasco & López-Pérez, 2013).

Despite its widespread use, stakeholder theory has been criticized. According to Phillips et al. (2003), it might be difficult for businesses to consider all stakeholders because their interests may conflict. The most common critique of the stakeholder theory is that it puts corporate management in a difficult position when deciding which stakeholders' interests are more essential than others (Jensen, 2001).

2.2 Legitimacy Theory

The legitimacy theory was developed by Dowling and Pfeffer in 1975. The authors proposed that businesses being voluntarily transparent to their stakeholders is part of being perceived as legitimate. Legitimacy can be seen as a resource that companies need to survive, but it can also be

used as a tool to understand why companies act the way they do, including when it comes to conducting CSR activities (Dowling & Pfeffer, 1975). According to Stekelorum et al. (2018), companies reveal how they work with CSR to guarantee their legitimacy towards their stakeholders. Legitimacy can also be created by changing the business according to what the stakeholders consider to be legitimate at the moment. Companies may also use its various communication channels to try to change the meaning or definition of legitimacy, so that it agrees with society's definition (Dowling & Pfeffer, 1975). Firms can only survive, according to legitimacy theory, if they respect the values of the society in which they operate (Stekelorum et al., 2018). Stekelorum et al. (2018) also state that SMEs have realized that they can meet stakeholders' expectations by engaging in CSR activities and revealing them.

2.3 The Triple Bottom Line

CSR is synonymous to the triple bottom line (TBL), a term coined by John Elkington in 1994. TBL is a framework for sustainability which accounts for companies' impact regarding environmental, social and economic aspects (Elkington, 2018), and is often referred to as an accounting tool which can be used to measure environmental, social and financial performance (Slaper & Hall, 2011). According to Elkington (2018) the purpose of TBL was to raise deeper thoughts regarding capitalism

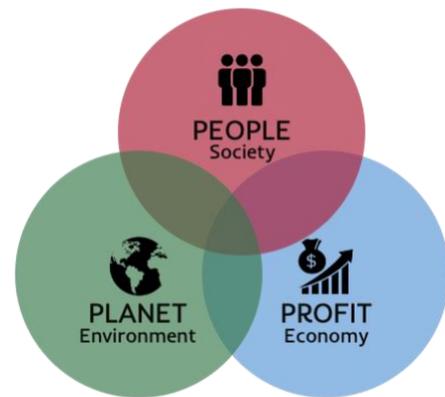


Figure 1. The Triple Bottom Line. Adaptation from University of Wisconsin, n.d.

and the future of capitalism. As stated by Kraaijenbrink (2019), the dimensions of the TBL are frequently referred to as the 3P's: planet, people and profit. The first part of the TBL is the planet, which contains the impact companies have on the environment, both positive and negative. The second part is people, which can be linked to society. The people aspect emphasizes the inclusion of not only shareholders but also other stakeholders, which include employees, customers, communities and suppliers, and how companies have positive and negative impacts on them. One thing to consider a positive impact on employees is the motivators and hygiene factors theory by Herzberg et al. (1959) which emphasizes factors that create job satisfaction. Some of the factors Herzberg et al. (1959) states are; a sense of doing something meaningful and important, recognition, challenging work, responsibility, fringe benefits, job security and working conditions.

Kraaijenbrink (2019) continues with the final part of the TBL, profit, which is linked to companies' positive and negative impact on the international, national and local economy. It is important to emphasize the economic impact companies have on society, not only the financial aspect. Companies create jobs, wealth, innovation and pay taxes, and thereby contribute to society (Kraaijenbrink, 2019). It has been shown that companies can engage in environmental and societal initiatives and create a positive impact without affecting financial performance (Miller, 2020). CSR practices can in fact improve firm growth (Torugsa et al., 2012; Stoian & Gilman, 2017), reduce costs and increase efficiency (Jenkins, 2006).

In 202, Edeigba and Arasanmi conducted a study with a cross-sectional survey which examined SMEs determinants regarding sustainability practices from a TBL perspective. The authors concluded that regulation, adoption of sustainability policies and business size affected TBL practices in SMEs. By implementing TBL practices and thereby measuring environmental, social and economic performance and follow up on progress, companies may effectively improve their sustainability work in the long run (Edeigba & Arasanmi, 2021).

2.3.1 Examples of CSR Activities

CSR activities that companies can engage in are for instance collecting donations from employees, donating leftover office equipment, sponsoring events (Ahmad, 2006), associations or organizations, training activities, product safety, controlling products' environmental impacts (Perrini et al., 2006), pollution prevention, energy reduction (Perrini et al., 2007), employment of disabled and older people, ISO 14001³ and 9001⁴ and waste minimization (Jenkins, 2006). Environmental reporting can both be seen as a CSR activity for the environment (Jenkins, 2006) and also a communication and controlling tool (Perrini et al., 2007). For companies to be sustainable they must account for both economic, environmental and social responsibility (Książak & Fischbach, 2017) and maximize their positive impact while minimizing their negative impact on all the 3Ps (Kraaijenbrink, 2019), by performing the activities mentioned above (Ahmad, 2006; Jenkins, 2006; Perrini et al., 2006; Perrini et al., 2007).

³ ISO 14001 is an international environmental management system, which enterprises can comply with to improve their environmental performance (ISO, n.da).

⁴ ISO 9001 is an international quality management system (ISO, n.db).

2.4 Corporate Social Responsibility

In the research field there is an ongoing debate regarding CSR and its definitions (McWilliams et al., 2006). CSR is often strongly connected to terms such as corporate sustainability (CS), socially responsible behavior (SRB) and TBL, and they can be seen as synonyms to the effort of determining 'ethical business' (Castka et al., 2004; Perrini, 2006). Freeman's stakeholder theory from 1984 provides CSR's most widely accepted view (Stoian & Gilman, 2017). Another definition is that "CSR is understood to be the way firms integrate social, environmental, and economic concerns into their values, culture, decision making, strategy, and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth, and improve society" (Berger et al., 2007, p.133). Elkington's (1998) TBL emphasizes that organizations need to satisfy the traditional profitability aspect, as well as the social and environmental aspects. According to Jenkins (2009) CSR is associated with businesses activities that contribute to economic, environmental, and social sustainability which lead to a positive impact on the planet.

In 2001 the European Commission defined CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (2001, 20th paragraph). The European Commission (2001) also divides CSR into internal and external dimensions. Internal dimensions refer to socially responsible practices within the company, mainly connected to employees, and practices in environmental responsibility are associated with management of natural resource use in production. External dimensions refer to CSR activities outside the company which involves the local community and environment, as well as different stakeholders, for example shareholders, customers and suppliers. The definition has since then evolved, and the definition of CSR that is going to be used for this paper comes from the European Commission (2011, second paragraph) and states CSR as "the responsibility of enterprises for their impacts on society". The definition continues with the statement that enterprises should comply with legislation and "have a process in place to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close cooperation with their stakeholders" (2011, fourth paragraph). The reason for why the authors chose the definition from the European Commission (2011), is because it describes in a thorough way to what extent companies need to implement

CSR and in which areas. It also highlights that companies have a responsibility to society, which signals a higher demand on companies unlike the 2001 definition, which stated that CSR is voluntary.

2.5 Characteristics of SMEs

The term SME is an abbreviation for small and medium sized enterprises, but it also includes micro enterprises. To be classified as an SME in general, the company must be counted as an enterprise⁵ by definition. Beyond that, there are two primary elements that determine whether a company is a SME. The first is how many employees there are, and the second is about the annual turnover or the balance sheet. For instance, a company is categorized as a small enterprise if it has 10-49 employees and an annual turnover or a balance sheet of no more than 10 MEUR (The Confederation of Swedish Enterprise, n.d.). Further specifications are described in *Table 1*.

Category	Number of employees	Annual turnover (EUR/SEK)	Balance sheet (EUR/SEK)
Micro	>10	2 M / 22.4 M	2 M / 22.4 M
Small	10-49	10 M / 112 M	10 M / 112 M
Medium	50-249	50 M / 560 M	43 M / 481.6 M

Table 1. SME categories. (Source: The Confederation of Swedish Enterprise, n.d.). Exchange rate (€ 11.2) retrieved 2022-05-20 11 AM (Forex, 2022).

2.5.1 General Differences Between SMEs and LEs

In addition to size and annual turnover, there are significant differences between SMEs and LEs. According to Spence (1999) SMEs tend to be more independent and managed by the owner, and the relationships connected to the company are often based on personal relationships to the owner. Therefore, the ethics in the company are commonly based on the owner's preferences. SMEs also tend to have a closer relationship with their local community (Perrini et al., 2007). Vyakarnam et al. (1997) argues that the owner and the manager of many SMEs often are the same person. As a result, one can expect different results in huge firms with a distinct organizational structure, than

⁵ The definition of the term 'enterprise' used in this report is retrieved from the Cambridge Dictionary (n.d. first paragraph) and states that an 'enterprise' is "an organization, especially a business, or a difficult and important plan, esp. one that will earn money".

in SMEs. In SMEs there is a tendency of stakeholders to influence the manager not to waste resources on ‘responsible actions’, while in LEs stakeholders are much more distant to the manager, and resources can therefore be spent on socially responsible activities (Vyakarnam et al., 1997). For LEs, great power and resources come with great responsibility, and it is of self-interest to behave ethically, as a bad corporate image can hurt companies’ reputation and share price (Jenkins, 2006).

Another matter that Spence (1999) mentions as something that characterizes a SME is that the owner often has more responsibilities than in LEs, and SMEs are in large part depending on inner assets to finance growth. SMEs, according to Lepoutre and Henee (2006), will find it more difficult than LEs to engage in socially responsible activities that do not bring an immediate return due to lack of financial resources. Spence (1999) also addresses the concept of ‘fire-fighting’⁶ that often occurs in SMEs. Small business owners and managers are frequently preoccupied with day-to-day survival, or extinguishing small fires, rather than strategic planning. The time and the workforce are often limited, and it is difficult to plan for the long term.

According to Preuss and Perschke (2010) the values of the owner-manager have been proven to be a powerful motivator for CSR in SMEs. When it comes to implementing CSR into the business, huge corporations instead prefer to follow external norms and guidelines. LEs often have external pressure that drives them to work with CSR in contrast to SMEs where the internal motivation and the structure of the values are the drivers. Preuss and Perschke (2010) comes to the conclusion that the internal motivation in LEs is fueled by a complex network of stakeholder relationships while the stakeholders connected to the smaller firms often are few and well interacted, mostly since the owner often has a personal relationship to the stakeholders in SMEs. Typically, LEs are more likely to identify the key stakeholders and develop formal CSR programs to meet their demands (Perrini et al., 2007). LEs often have an employee that only works with sustainability issues, while SMEs do not have a defined job description for the position, but instead the job tasks are described informally (Baumann-Pauly et al., 2013). Lastly, in Sweden, LEs must provide a sustainability

⁶ Having to deal with urgent work to secure the company’s short-term survival (Spence, 1999).

report alongside the annual report since 2017, while SMEs do not have that obligation (Bolagsverket, 2019).

2.5.2 Ownership Structure

As defined by Chen (2020), a subsidiary is a company that is at least 50 percent owned by another company, which is usually called a parent company or holding company. The most common advantage with the structure is that the parent company can contribute with increased income or equipment to the subsidiary. The disadvantage with the structure is that it contributes to extra legal and accounting work. The subsidiary is its own legal entity, although the parent company can influence it to a large extent and has a certain responsibility for how the subsidiary acts (Chen, 2020). Another form of ownership structure is owner-management, where the company is owned and managed by the same person. As previously mentioned, SMEs often are owner-managed (Vyakarnam et al. 1997; Spence, 1999). According to a study from Hsu and Cheng (2012), the top manager or owner is usually the one who makes the major decisions in SMEs, and therefore they play an important part regarding the quantity of CSR practices.

Furthermore, a company can be either listed or unlisted. According to The Swedish Companies Registration Office (2022) a Swedish listed company offers other companies and individuals to buy shares in it on an open market. By becoming listed the company will acquire more shareholders. There are also differences between the structure of the board and management. An unlisted company can have just one commissioner while a listed company needs at least three. A listed company needs to have a chief executive officer (CEO), a vice CEO and an accountant, unlike unlisted companies (Swedish Companies Registration Office, 2022). In Sweden 99.7 percent of all companies are unlisted (Statistics Sweden, n.d.).

3. Literature Review

This section examines the aim, approach, and results from studies of CSR in SMEs, conducted in several different areas, such as Latin America and UK, and finally Sweden.

3.1 SMEs and CSR

In 2006, Vives conducted a survey that comprised over 1 300 SMEs in eight different Latin American countries, with the purpose to analyze environmental, external and internal practices. The conclusion Vives (2006) drew was that internal practices were most frequently used, which includes activities related to the working environment and human resources. Environmental practices such as recycling and minimizing resource use and waste, and external activities connected to involvement in the community are less commonly used. The study concluded that medium-sized companies are more engaged than small companies in activities regarding social responsibility. The most common drivers to engage in CSR activities are ethics and religion, to get motivated employees, to build good relationships between suppliers and customers, and to increase profits. The main barriers are the lack of knowledge and resources and the belief that there isn't any impact on the environment (Vives, 2006).

In 2006, Jenkins conducted 24 interviews with UK SMEs that were successful regarding CSR. The purpose of the study was to learn about SMEs' opportunities and limitations with CSR by investigating benefits and motivations for engaging in CSR, the terminology of CSR, what effect managerial values have, CSR activities, and possible challenges. Jenkins (2006) gained knowledge of how SMEs can achieve social responsibility by some of the goals and principles from the exemplary companies in the study. In addition, the research could confirm that the stakeholder theory is a good framework to understand SMEs and CSR. SMEs prefer learning from their peers and through networking, therefore other companies, especially exemplary companies, are a great way to engage SMEs in CSR. Strong leadership is also required to succeed. According to the companies in the study, the key for SMEs to get more engaged in CSR is to highlight SMEs' internal characteristics and get them educated about business benefits that can be gained by successfully implementing CSR. However, Jenkins (2006) argues that SME-specific tools should be developed to facilitate implementation of CSR in SMEs.

Furthermore, Goyal and Kumar (2017) conducted a study with the aim to identify obstacles with CSR implementation in manufacturing companies. The authors found 10 obstacles, and the largest was the lack of resources in the form of financial means and customers' attitude against CSR. Another study that focused on obstacles for SME in regard to implementing CSR, was conducted by Zou et al. in 2021. The study was executed by interviewing nine SMEs in Pakistan. Lack of resources was the main obstacle for SMEs to not engage in CSR, and other obstacles the authors found was the shortage of regulations, top management commitment, CSR knowledge, and customers with a passive behavior, which is in line with Goyal and Kumar's (2017) findings.

3.2 Obstacles and Drivers of Implementing CSR

When referring to CSR and SMEs there are some common obstacles that companies may face. Constraints regarding resources, mostly implying financial ones (Vives, 2006; Sweeney, 2007; Preuss & Perschke, 2010; Zou et al., 2021) and time are frequently mentioned in literature (Jenkins, 2006; Hsu & Cheng, 2012), especially regarding environmental actions (Fresner, 2004; Pimenova & Van Der Vorst, 2004). It has been proven that it is difficult to measure the benefits that CSR provides (Jenkins, 2006; Preuss & Perschke, 2010), and the lack of acknowledgment of CSR's benefits is a barrier for SMEs to involve CSR related activities into their strategy (Hsu & Cheng, 2012). Lack of knowledge is a common obstacle for SMEs (Vives, 2006; Goyal & Kumar, 2017; Dixit & Priya, 2021), this can be linked to findings that show that companies may not see their contribution to negative environmental impact (Vives, 2006). A passive attitude from consumers against CSR is an obstacle for implementation of CSR (Goyal & Kumar, 2017). A study on Indian SMEs shows that most companies focus on tactical needs instead of strategic needs which lead to a failed engagement in CSR (Dixit & Priya, 2021), which is a similar conclusion like Galbreath's (2010) had; CSR and formal strategic planning have a positive link. Lack of benchmarks or tools for guidance are looked at as obstacles for implementation of CSR in SMEs (Hsu & Cheng, 2012). One of the most important challenges a company must tackle is getting employees involved, and that is independent of company size or sector (Jenkins, 2006).

Despite obstacles there are companies who are motivated to engage in CSR. A Norwegian study conducted by Grimstad et al. (2019) examined SMEs drivers for doing CSR practices. The authors found that companies mostly were driven by intrinsic motivation which is connected to companies

wanting to do the morally right thing and choosing to do it voluntarily and are not forced to act. Grimstad et al. (2019) findings are in line with Graafland et al. (2010) conclusion. Other drivers for SMEs to engage in CSR practices is ethics, personal values, a manager or owner that is supportive of CSR (Hsu & Cheng, 2012), manager/owners' values, (Preuss & Perschke, 2010; Fraj-Andrés et al., 2012; Massoud & Willi, 2020) and market pressures (Fraj-Andrés et al., 2012; Van & Nguyen, 2019; Massoud & Willi, 2020). Managers knowledge about CSR is also correlated to the amount of CSR practices, which implies that the more knowledge managers have on CSR, the more CSR practices will be implemented (Van & Nguyen, 2019).

3.3 The Location's Role in CSR engagement

Companies that are located in or nearby big cities or financial centers have a higher CSR engagement than companies located more remotely, which implies that the location of a company can affect the level of engagement in CSR (Husted et al., 2016; Zamir & Saeed, 2020). Husted et al. (2016) state a reason for this could be that knowledge, norms and values connected to CSR are communicated in meetings and social interactions face-to-face with for example peers, universities, labor unions and community organizations. Stakeholder pressure is another aspect that affects CSR commitment (Raza et al., 2019). The pressure from stakeholders may originate from for example customers, governments, managers, employees, the local community, suppliers and investors (Park & Ghauri, 2015). Companies are more vulnerable and are more affected by stakeholder pressure and have to be accountable and show social responsibility to a greater extent when companies are located in bigger cities or closer to financial centers (Zamir & Saeed, 2020). Another study by Chintrakarn et al. (2017) shows that companies which are located closer together and therefore may have similar social interactions, local competition and investor clientele results in them having similar CSR policies.

3.4 Studies Conducted in Sweden

A study conducted by Claesson (2006) focuses on mapping general perceptions and activities related to CSR, based upon interviews with five SMEs. The work comes to the conclusion that many companies work with CSR without being aware of it (Claesson, 2006), which is in line with the paper by Castka et al. (2004). Furthermore, one of the obstacles of implementing more CSR into the business which Claesson (2006) found was that the interviewed companies did not

perceive customers as willing to pay for it. The conclusion also states that companies must see clearer economic benefits of CSR in order to implement activities in their operations. Furthermore, LEs are perceived to be more obligated to act socially responsible than SMEs have. The study excluded small companies, and focused on enterprises with more than 50 employees, and therefore it cannot be used to draw larger conclusions (Claesson, 2006).

Another previous study, conducted by Eriksson and Ahlstrand (2011), examined how and to what extent SMEs in Sweden work with CSR. The study was conducted using a quantitative and qualitative approach, and the results were based on questionnaire surveys where 44 SMEs participated. The survey was developed using interviews with two SMEs. The thesis' conclusion was that SMEs to some extent work with CSR, but that the economic aspect often prevents companies from doing it completely. The economic resources did not seem as extensive in SMEs as in LEs. Eriksson and Ahlstrand (2011) also concluded that the will and the ambition to work with CSR often exist in SMEs.

Additionally, Lee et al. (2016) published a study which examined what characteristics CSR activities and practices within Swedish SMEs have, and how SMEs' CSR engagement influences their performance. The perceptions, motivations, and actions of two Swedish SMEs were investigated using a case study method. The authors partly concluded that the companies' owners' own values had a great amount, or almost all of the influence, on which CSR activities were implemented in the corporations. According to the study, the two SMEs pursue profit rather than sacrifice profit in their CSR efforts, and they tend to focus more on CSR activities that generate profit (Lee et al., 2016).

4. Methodology

In this section the entire course of action of the thesis is presented, from the development of the theoretical framework and interview guide to the conduction of interviews, and finally the analyzation process and a critical reflection of the methodology.

4.1 Development of Theoretical Framework

The theoretical framework for this paper was evolved by searching, reading and evaluating previous research, models and theories of the subject. The material consisted of books, articles, journals and web pages. First and foremost, the material was vital for the extraction of the research problem and problem analysis, where the literature played the part of indicating a gap between theory and practice of CSR in SMEs. Secondly, the material supported and gave context to the findings from the analysis of the interviews. The material varied in relevancy, as some research was quite old, while other research is more up to date. However, the research of how Swedish SMEs practice CSR was inadequate, which limits the study's accuracy. Instead, research of how SMEs in other countries practice CSR was a more accurate comparator, as the scope of that research was more extensive.

Search engines used to derive the material were Google Scholar, scientific journals, and the electronic database *Supersearch* provided by the university library. Using search terms 'CSR', 'SMEs', 'Sweden' gave a couple results in the form of articles and theses, and by using the method of snowball sampling, more resources from those articles and theses could be extracted and used for the theoretical framework and the literature review. According to Bryman and Bell (2013), snowball sampling is a non-probability selection performed by finding a few relevant sources, and then finding more relevant sources through the cited references. Snowball sampling may be problematic, as the sample unlikely will be representative for the population. Nevertheless, it is a common sampling method in qualitative research (Bryman & Bell, 2013), and in this limited research area it was the only possible method to find relevant literature. The larger majority of the articles and reports used were peer reviewed, which enhances the credibility of the information, according to Bryman and Bell (2013).

4.2 Research Design

As the purpose of this paper was to gain a deeper understanding of how SMEs work with CSR and what eventual objectives may arise, a qualitative methodology with a cross-sectional design was concluded the best option, since interviews often allow profound and fruitful conversations with interviewees (Bryman & Bell, 2013). A cross-sectional study design allowed the authors to find variation between different SMEs' CSR practices, at a specific point in time (Bryman & Bell, 2013).

4.2.1 Selection of Companies

The objective of the study was to interview 10 different SMEs, according to The Confederation of Swedish Enterprise (n.d) definition. The choice to interview 10 companies was partly motivated by the time scope of the study, but also by the interest to investigate several different industries in different areas of Sweden. Interviewing and transcribing take a great amount of time, and more interviews result in more transcriptions. Furthermore, the process of contacting and booking interviews with companies took longer than expected. However, a sample of merely two or five companies, as seen in previous studies, seemed too small a sample in the eyes of the authors. Therefore, the goal was set to 10 companies, and a few more were contacted since a lapse was expected. The companies were contacted via email.

The selection of interviewees was made through convenience sampling and snowball sampling. Convenience sampling is a sort of non-probability sampling, based upon what is closest at hand for the researcher (Bryman & Bell, 2013). Part of the companies interviewed were found and contacted through snowball sampling, with help from companies from the convenience sample. Both sampling methods have been criticized for neither being representative nor generalizable (Bryman & Bell, 2013). However, as the study was to be conducted within a strict time frame, and with resource constraints, there was no possibility to gain a completely representative sample in any case. By using a convenience sample, the authors could reach out to respective contacts at different SMEs in Sweden, that all were more willing to participate in the study than the other companies the authors contacted. The authors never received responses from the other companies.

4.2.2 Development of the Interview Guide

The interview guide (see Appendix) was established in a flexible manner, by being semi-structured. It was partly based upon previous research of SMEs and CSR, but also upon the purpose of this study. The interview guide contained about 20 questions examining the companies' CSR practices from three sustainability perspectives in accordance with the TBL; social, environmental, and economic. There was also one part of the guide that contained questions of a more general theme. With inspiration from interview guides from previous studies conducted in Sweden (Claesson, 2006; Eriksson & Ahlstrand, 2011; Lee et al., 2016) most of the questions were formulated. Some questions appeared first during the interviews and were later added to the guide. The interview questions of the study had to be precise and easy to understand for companies with little to no knowledge about CSR, in contrast to CSR studies by Claesson (2006) and Lee et al. (2016), who conducted interviews with companies that had great previous knowledge of CSR. Therefore, the concept of CSR was avoided when formulating the interview questions. Instead, the questions indirectly dealt with the concept of CSR by using concepts that were more familiar to the companies, such as environmental policy, code of conduct and certifications. The questions in the guide were not too strictly formulated, since that could hinder alternative ideas or views of the matter and limit the gathering of information during the study's progression. As there were several authors involved in this study, as well as several cases to examine, this particular approach was preferred to unstructured interviews, in order to ensure some sort of comparability between the interviews (Bryman & Bell, 2013).

4.2.3 Conduction of Interviews

After establishing contact with the chosen companies, the interview questions and background information about the study was emailed to each company in advance of the interview, so the interviewee had time for preparation. Before executing the interviews, a digital pilot interview was conducted with an employee at a company, however, neither did participate in the real interviews. Based upon the pilot interview, changes could be made to make sure all the questions were relevant and formulated in a way that anyone could understand them. The 10 interviews were conducted over a time frame of four weeks during the month of April 2022, with the video conference tools Zoom and Microsoft Teams. The interviews were held digitally mostly for the time-saving aspect. Since most of the companies were situated several hours away from Gothenburg, it seemed more

convenient to use digital tools. Moreover, most of the interviewees were on a tight schedule, and a digital format allowed them to participate from anywhere. The interviews varied in length, ranging from 30 minutes up to one hour. The authors decided to let the companies be anonymous, so the interviewees hopefully would be more eager to share information about their CSR work. Each company has therefore been assigned an alias.

The interviews were performed by at least two out of three authors since there are several advantages with having more than one interviewer according to Bryman and Bell (2013). As suggested by Bryman and Bell (2013), one interviewer may ask questions and take notes, while the other interviewer may observe how the conversation unfolds and come up with relevant follow-up questions. The format also contributed to a more relaxed atmosphere for the interviewee, turning a one-on-one interview into a discussion between three persons. The semi-structured interview format allowed the authors to use a pre-made guide with subjects and questions that may be touched upon during the interview, and the interviewee had great liberty to formulate answers independently. Furthermore, the questions did not have to follow the same order as in the guide, and new queries that arose could be asked about during the interview. Hence, none of the interviews were exactly like the other, although the structure was similar. The interviews began with a short presentation, the purpose of the study and that the company and interviewee was going to be anonymous in the thesis, and the importance of the companies' participation. Then the interviewees were asked if the audio from the interviews may be recorded for transcription. After the interviewing process was completed, transcription and analysis of the interviews could begin.

4.3 Evaluation of Data

To structure and analyze the material derived from the interviews, the method of qualitative coding was used. Coding is an analysis method where the researcher uses labels to describe specific pieces of content from the interview transcriptions. The method allows information to be categorized and more manageable, and eventually analyzed for patterns and themes (Bryman & Bell, 2013). Important sentences, words and reflections were highlighted, and assigned to certain categories and themes. These categories were then filled into a spreadsheet along with the companies and their answers, and from there a comparison between the different companies' answers could be overviewed. Examples of categories were *major stakeholders*, *supplier requirements*, *policies* and

certifications. Based upon the findings from coding the transcripts, the information could finally be analyzed and compared to previous research, models, and theories on the subject to answer the research question.

In the results section, direct quotations from the companies are presented. Naturally, the authors could not present quotations from all the SMEs on all matters, therefore a few quotations were chosen per subsection. These quotations were chosen on the basis of how clearly the interviewees formulated their words, and the relevancy in connection to the discussion.

4.4 Critical Reflection of Methodology

The study design limited the opportunities to examine causal relations, since the interviews were conducted around the same time frame, without any manipulations in variables or further interviews at a different point in time. Therefore, a cross-sectional study design cannot carry sound internal validity such as others usually carry, for instance an experimental design (Bryman & Bell, 2013). The entire interview process was time consuming, from creating the interview guide to transcribing the interviews. Since the process was protracted, it was not possible to conduct too many interviews, or interview a statistically perfect sample of different companies. In comparison, a survey study would allow a wider data collection, but that would not give as detailed and nuanced answers as semi-structured interviews may. Whichever method is chosen, weaknesses are unavoidable (Bryman & Bell, 2013).

Although the authors recognize that the chosen sampling approach comes with disadvantages, it was more of interest to gain deeper knowledge of how a sample of unique SMEs practice CSR, rather than build new theories or draw extensive generalizations. Representativeness would have been of more importance in a study approached with a quantitative method (Bryman & Bell, 2013).

According to Bryman and Bell (2013), the method of coding data from interviews has some disadvantages. The most common criticism of coding in light of qualitative data analysis is that the context may be lost in what is said. That is, by extracting passages from the larger mass, it is easy to lose the context in which the words were expressed. Another limitation is that fragmentation of information from the interviews often means that the narrative flow is wasted.

5. Results

The section begins with an introduction of the companies followed by direct quotations and summarizing tables of the data collected from the interviews. Digits regarding turnover, balance sheet and inhabitants are rounded.

5.1 Presentation of the Enterprises

Printing Company is a manufacturing company that specializes in printing decals, clothes and signs. The company has 15 employees and is located in Östergötland in an urban area with 300 inhabitants. The CEO and the owner of the company are the same person, who also makes the most decisions within the organization, which puts the company under the category owner-managed.

Advertising Company is a communication-, advertising and design agency that works with sustainability- and strategic communication. It has 10 employees and is situated in a big city in Västra Götaland with half a million inhabitants. The CEO and owner of the company are not the same person, however, the owner is part of the board and has influence over the management of the company. The company is therefore defined as owner-managed.

Cultivation Company is a market-garden that cultivates vegetables and flowers. The company has four employees and is located in an urban area in Östergötland with 6 000 inhabitants. The CEO, owner and the person that manages the organization are the same person, hence the company is an owner-managed business.

Furniture Company is a company that specializes in manufacturing products from molding of plywood, which is sold to other companies that refines the products into furniture among other things. It has 15 employees and is situated in an urban area in Östergötland with 300 inhabitants. The company is managed and owned by the CEO, which makes it an owner-managed business.

Energy Company is a company within the energy industry that manufactures wood pellets. The company has 130 employees that are spread out over five factories and a head office. The head office is located in a city in Småland with 100 000 inhabitants. The company is part of a group

where it is currently the holding company, however, the company has been bought and is transitioning into a subsidiary of a larger group. The company is not owner-managed as the owner and management are separate. For the analysis, the company will be defined as a subsidiary of a company group. The company is close to the definition of a LE, but falls under the category of medium sized enterprises.

Metal Company A is a company within the metal industry that manufactures and builds stables and fertilizer equipment for farmers. The company has 40 employees and is situated in an urban area in Östergötland with 300 inhabitants. The company is a subsidiary owned by a foreign holding company.

Metal Company B is a subcontractor of metal components, situated in an urban area in Värmland with 2 000 inhabitants. The company has 70 employees, and is a subsidiary of a group of which it is the largest business.

Metal Company C is a subcontractor of metal components with emphasis on welding and cutting processing. The company has 22 employees and is located in an urban area in Värmland with 2 000 inhabitants. It is a subsidiary of a company group.

Metal Company D is a subcontractor of metal components and prototypes. It has 70 employees and is located in an urban area in Västra Götaland with 10 000 inhabitants. The company is a subsidiary of a large company group.

Metal Company E is a subcontractor of metal components, mainly made out of iron, but it also manufactures trailers. The company has 12 employees and is situated in an urban area in Värmland with a population of 500. The CEO, owner and the person that manages the organization are the same person, hence the company is an owner-managed business.

5.1.1 Table of Summary

Company alias	Industry	Ownership form	Turnover /Balance sheet	Company category
Printing Company	Printing	Owner-managed	15 MSEK / 4 MSEK (2020)	Small
Advertising Company	Communication/Advertising	Owner-managed	8 MSEK / 4 MSEK (2020)	Small
Cultivation Company	Cultivation	Owner-managed	5 MSEK / 0.9 MSEK (2020)	Micro
Furniture Company	Furniture	Owner-managed	18 MSEK / 20 MSEK (2021)	Small
Energy Company	Energy	Subsidiary	900 MSEK / 46 MSEK (2021)	Medium
Metal Company A	Metal buildings	Subsidiary	110 MSEK / 48 MSEK (2020)	Small
Metal Company B	Metal (subcontracting)	Subsidiary	103 MSEK / 62 MSEK (2020)	Medium
Metal Company C	Metal (subcontracting)	Subsidiary	37 MSEK / 18 MSEK (2020)	Small
Metal Company D	Metal (subcontracting)	Subsidiary	145 MSEK / 84 MSEK (2020)	Medium
Metal Company E	Metal (subcontracting)	Owner-managed	9 MSEK / 5 MSEK (2021)	Small

Table 2. Summary. (Source: Allabolag.se and own elaboration based on the information provided by the interviews)

5.2 Recognition of CSR

When the companies were asked if they recognized the concept of CSR, a variety of responses were given. Five of the companies directly answered that they knew about the concept. Two of the companies replied that they had heard about the term but were unable to provide any additional information about the concept. The remaining three companies did not recognize the concept of CSR or its meaning at all.

All medium sized companies knew about the concept of CSR and could also provide a further explanation. When asking the companies what came to their mind when hearing the term CSR, Energy Company answered: “I think about the environment, I think about the labor law aspect, I think about compassion ... and the economic sustainability of course, because it is a prerequisite for it to work at all.”

Metal Company A’s perception of CSR was as follows: “... from the beginning, I associated CSR more with social sustainability than with environmental actually. So, spontaneously I would have connected CSR more with it [social sustainability], further back at least.”

5.2.1 Perceived Responsibility

When asked if a SME has the same responsibility as a LE concerning CSR questions, all of the companies agreed that each company must do what it can. Several of the companies also agreed that LEs can make a greater impact, and that SMEs often do not have as many resources. Metal Company D explained that its parent company is convinced that sustainability is the way forward: “There are many who are very hesitant about it [CSR]. But they [the owner] are completely convinced, and I actually also believe that in the long run it is a very good selling point.”

Advertising Company answered:

All companies, regardless of size, should push themselves as much as possible, and even more. Then perhaps it has a greater effect per company if you consider the big ones, but I mean, the small and medium sized companies make up the largest share of the trade and industry, so it would have been strange if we thought we had no responsibility.

Printing Company agreed that it has the same responsibility concerning CSR as a LE has. However, the company thought they had more responsibility for the social aspects than the environmental, which they handed over to the industry and suppliers.

Metal Company B agreed that all companies no matter size have equal responsibility. However, the company emphasized its importance in the local community:

We have to help and contribute to a living society in which we are in. Maybe it is more important for us that are located in a smaller urban area than those in bigger cities, there you are one of many, here you become quite noticeable. ... We must take good care of our employees and make sure that the community is thriving.

Metal Company E resonated that it perhaps is easier for LEs to drive change forward, while smaller companies can follow their example.

5.3 Major Stakeholders

When asking the companies which stakeholders they found most important, many different perspectives were brought up. The most frequently mentioned stakeholder was the customer. The second most important stakeholder was employees, and the third was the owner. All of the subsidiaries answered that the owner was one of several important stakeholders. The owner-managed businesses were more likely to answer customers, employees, or suppliers. For a summary, see *Table 3*.

Metal Company A explained that even though neither its customers or owner put pressure on it to work more sustainably, it found them to be the most important stakeholders in these questions: “I see that in the absence of the owner’s and customers’ ambition, we should set a certain minimum ambition at least, so we do not lose these issues, but that we stay on track.” The company saw working with CSR as a form of quality stamp, and an important part of its future strategy.

Metal Company D answered: “The customers, of course, we also have our municipality ... and also residents and the population are stakeholders that we must take into account. And the owner is also highly interested in what we do.”

Metal Company E answered: “The most important thing I have here is the guys who work here. It is the most important machine I have. ... Then you must have customers who are good and suppliers for that matter.”

Company	Major stakeholders
Printing Company	Employees
Advertising Company	Customers, employees
Cultivation Company	Customers
Furniture Company	Customers, suppliers, lenders, industry colleagues
Energy Company	Customers, employees, owner
Metal Company A	Customers, owner
Metal Company B	Customers, employees, owner
Metal Company C	Employees, customers, owner
Metal Company D	Customers, society, owner
Metal Company E	Employees, customers, suppliers

Table 3. Major stakeholders. (Source: Own elaboration based on the information provided by the interviews)

5.4 CSR Activities

This section is structured based upon the TBL, concerning which social-, economic-, and environmental-specific CSR activities each SME conducts.

5.4.1 Social and Ethical Aspects

Concerning the employees' rights at the workplaces, the companies had different means. All of the companies except Printing Company and Advertising Company had collective agreements with various counterparties. None of the micro and small companies had a code of conduct, while two of the medium sized companies had one in place, and the third one had comfort rules in place but were working on a code of conduct. All of the companies had some employee fringe benefits, but how many and the size of them varied. The most common fringe benefit was the wellness grant in various sizes, followed by free coffee, some other examples were free food, occupational health care and staff activities. When asked about internal and external training for the personnel, all companies except Cultivation Company answered that some sort of training was accomplished in the company. Most of the training was rented from external parties, for example forklift training,

welding training and sales training. One common denominator between the companies was that training first is used when there is a need for it.

When asked whether the companies had a specific employee who works with CSR questions, most companies answered no. It was only the three medium sized companies that had an employee that worked exclusively with social and environmental matters, while the smaller companies merely had an employee that worked with HR (human resources) or staff-related matters, and that employee often had other work tasks as well.

One of the questions about social matters was whether the companies were open to hire people from socially vulnerable groups, for example juveniles, elders, or newly arrived people. All the companies answered yes, and some emphasized the importance of understanding and speaking Swedish as a newcomer. Metal Company B explained that they want a workplace that is as diversified as possible, since everyone contributes to the company in different ways. When asking the 10 companies whether they have been, or are sponsoring any local organizations or associations, nine companies answered yes. The most common sponsorship was of local sports associations, for example soccer, hockey, bike, and horse clubs. The only company that did not sponsor anything at all was Furniture Company.

The authors also asked the companies whether they had any special requirements for the suppliers. Six of the micro and small companies had some requirements or guidelines, but not on paper. Furniture Company and Metal Company A explained that the requirements of the supplier are based on the sales order, so if the customer wants certified materials, it is required from the supplier. Metal Company B and C wanted the suppliers to have the ISO 14001 and 9001 certifications, and if they do not have them, the companies make their own audit of each supplier. Metal Company D assesses each supplier, which also must sign the company's code of conduct. Energy Company was FSC-certified and therefore its suppliers must be certified as well.

5.4.2 Economic Aspects

As mentioned earlier, economic sustainability was not the focus of this study, as none of the 10 companies were listed on the stock market. However, one of the questions asked was whether the

companies included more measures than financial ones in their annual report. All of the companies answered no, except Energy Company which answered that they are obliged to include a sustainability report, but that they probably would have included one even if it was not a requirement. Metal Company D stated that it has had discussions with the parent company about sustainability reporting, and that the company probably will report in the future. Metal Company B explained that since a sustainability report is not required from them, they have chosen to address such questions in the activity report when it is topical. The Furniture Company had a similar answer.

Then the companies were asked about what strategies they use when external interferences that may affect the company's economic performance arise. Cultivation Company, Metal Company E, Printing Company and Furniture Company answered that they did not have any strategy to tackle such situations, the problems are instead solved ad hoc. Cultivation Company replied: "Larger companies may be able to produce their ace up their sleeve" and continued to explain that those resources were not available in a small company like theirs and that they simply had to 'go with the flow'. Metal Company A, Metal Company B and Advertising Company answered that frequent reconciliations were used to tackle problems that arose during the covid-19 pandemic⁷. Energy Company explained that it currently had Ukraine-meetings several times a week to keep itself updated about the world situation, and recently had a fundraiser in the company for [the invasion of] Ukraine⁸. Metal Company D had a contingency plan and made risk assessments concerning stakeholders and conditions every year. The company also explained the benefits of having LEs as customers during external interferences, since they usually have a larger network of contacts that the company could take advantage of.

When asking the companies what the focal point of the business becomes when encountering external interferences, almost all the companies answered 'survival'. The employees' health and worries were also an important matter to handle. Metal Company D answered that the supply chain was important if the company should get by business-wise.

⁷ In December 2019 the coronavirus broke out in China, and became classified as a pandemic in March 2020 (World Health Organization, n.d.)

⁸ On the 24th of February in 2022 Russia invaded Ukraine (United Nations in Western Europe, 2022).

5.4.3 Environmental Aspects

5.4.3.1 Certifications and Policies

Table 4 is a summary of what certifications and policies the companies have. Most of the companies had some sort of certification or policy of how the company should tackle environmental questions. Three of the companies had integrated business policies, which included both environmental, quality and occupational safety and health matters. Metal Company A and Furniture Company were both considering certifying themselves against ISO in the future.

Company	Certifications	Policies
Printing Company	None	Environmental policy & quality policy
Advertising Company	Environmental diploma	Environmental policy
Cultivation Company	None	None
Furniture Company	None	None
Energy Company	FSC, ISO 9001 & ISO 14001	Environmental policy & many others
Metal Company A	None	Gender equality policy, drug policy & employee handbook
Metal Company B	ISO 9001, ISO 14001, ISO 45001 & ISO 3834-2	Business policy
Metal Company C	ISO 9001, ISO 14001 & ISO 3834-2	Follows ISO
Metal Company D	ISO 9001, ISO 14001 & IATF 16949	Business policy
Metal Company E	None	Business policy

Table 4. Certifications and policies. (Source: Own elaboration based on the information provided by the interviews)

5.4.3.2 Activities to Reduce Climate Footprint and Waste Management

One of the questions concerning the companies' CSR activities was whether the companies performed any activities to reduce their climate impact. Printing Company answered that the main activities were to make its energy use more efficient. The company's waste was sorted and then recycled or burned in a CHP plant to produce energy and district heating.

Advertising Company did not produce any products, and consequently no waste. The company did consume products, electricity, computers and food, and that consumption was revised every year to see if any improvements could be made. Cultivation Company's activities included changing its oil-fired boiler to a wood chip-fired boiler, and cultivating without poisons and sometimes without pots, which saves material. Waste was sorted into different containers, and the company had their own compost. Furniture Company's activities mainly included sorting packaging from suppliers and sorting waste from the staff room. Energy Company was trying to reduce its consumption overall. They also tried to influence their suppliers' emissions towards a lower level. Waste was sorted according to law, and excess heat from the factories went to the local district heating networks.

Metal Company A had switched their oil-fired boilers to heat pumps. It had also reduced its need for diesel driving and was currently phasing out remaining diesel cars to petrol, hybrid or electric cars. The company's waste was mainly different metals, which were sold to Stena Metall. The company thought it could become better at sorting waste from the staff room. Metal Company B had set goals for energy consumption and worked towards reaching them. The waste from production included hazardous waste, metals, wellpapp and oil, which were recycled by Stena Recycling. Waste from the staff room was sorted into food waste and combustible. Metal Company C had a goal to lower its energy consumption until 2023. The company had installed geothermal heating, which had reduced its consumption of oil, and it had also switched to hybrid cars. All of the company's waste that is recyclable was taken care of by a supplier. Metal Company D's activities were largely steered by its customers' demands of reports of energy and water consumption. The company had successfully improved its machine utilization, and recently switched its lighting to more sustainable luminaries. Waste from the staff room was sorted into plastic, paper and food waste containers. Production waste, which was mainly metal, was sold to Stena Metall. Metal Company E did not have any particular activities in place to reduce its climate footprint, according to the interviewee. However, the waste from the staff room was sorted and waste from the production was sold.

5.5 Perceived Obstacles of CSR

When asking the companies whether they were satisfied with their CSR performance, or if they would like to do more, most of the companies answered similarly. Every company except Metal Company E wanted to do more, both in terms of social and environmental questions. Metal Company E stated that they did as much as they wanted for now. Meanwhile, Metal Company B and C wanted to strengthen the corporate culture within these issues, and Advertising Company would like to have a calculator for the climate footprint of different approaches to their customer projects. Metal Company A explained that a lot could be done, but for starters it would like to map where the company was currently standing and find out which priorities should be made with the available resources. It would also like to reduce its energy consumption and remove unnecessary parts of its manufacturing process. Furniture Company would like to overhaul its electricity consumption, since some of its machines did not work optimally. It would also like to overlook its use of material. Energy Company wanted to optimize transports and continue working with improving its work environment.

The obstacles to implementing more CSR activities, or improving current ones, was a resource issue, agreed by all companies. Time and financial means were the most common scarcities, but some companies also mentioned that it was a matter of prioritization. Metal Company D said that it was important to spread awareness about the issues throughout the whole organization, so that each and every employee had the same way of thinking. Metal Company A and B and Cultivation Company mentioned that pressure from customers was important, currently they were not willing to pay for safer or more environmentally friendly products, so there was simply no demand for them. Metal Company A also explained that neither its parent company nor the customers had brought the issues to the table, so it had to put it on the agenda itself. Many of its customers are members of the Federation of Swedish Farmers, an organization that was afraid to drive costs further by focusing more on sustainability, in an industry that was already on its knees, according to the company. Metal Company A stated that it was an issue out of its reach, and that farmers needed to get paid more if a change was to take place.

Most of the companies did not have enough resources to implement more CSR activities. Metal Company D and Energy Company answered that they had enough resources, while the rest of the

companies answered no, or that there were resources available, but only to a certain extent. When asking the companies whether they had the right competencies and knowledge to develop their CSR work, most of the companies said that they would need help from an external party. Energy Company and Metal Company C and D stated that they considered themselves to have the right knowledge and competencies.

The companies were also asked what advantages and disadvantages there were with working with CSR. None of the companies saw any disadvantages with working with the social aspect of CSR, and some companies did not see any cons of the environmental aspect either. The disadvantages with tackling environmental issues according to the companies were the cost, knowledge and time aspects, but also the complexity in some cases. Metal Company A explained that it saw several advantages with working with these issues. It believed that there were business opportunities, and that future employees likely will request that companies consider these matters. Furniture Company explained that CSR contributed to a pleasant working environment that employees thrived in and enjoyed. New employees would likely seek such a workplace. CSR was important to keep the external environment prospering as well, as it will be inherited by future generations. Cultivation Company explained that it felt good for the mind and body to work with CSR matters. Metal Company D said that the main advantage was the support it got from its parent company and customers in these questions. Advertising Company replied: “The advantage is that we want to survive. That is a rather heavy advantage, I think. I do not see any disadvantages in working with it at all.”

5.6 Perceived Future Challenges

All of the companies believed that they will be affected by future climate changes in some way. Metal Company B believed that higher transportation and material costs will affect it the most, but also narrower emission limit values and it will become harder to get hold of material. Printing Company did not believe it would be as affected as other industries. However, some plastic materials may be forbidden in the future, which affects the company’s production.

Metal Company C believed that climate changes will not affect its operations within 10 to 15 years, it is rather the stakeholders’ demands that may be of importance. The demands will likely be to

use clean energy, utilize transportations and reuse waste heat. Advertising Company believed that several crises will take turns, for example war, finite resources, refugee streams and food shortage. The company stated that human behavior and competency must be developed to reach the SDGs. Metal Company A believed its customers likely will be affected by climate changes, for example by a warmer climate and drought. As long as the agriculture industry is prospering, the company did not think it will be affected.

Furniture Company believed that its raw materials, wood and adhesive, might be difficult to get hold of in the future. There might be restrictions on how much wood can be taken down, and particular ingredients in the adhesive may be difficult to obtain. Energy Company believed that the demand for bio energy will increase, and that there will be a shortage of raw materials. Metal Company D had already seen an increase in the number of customers within the energy industry, as there is a wide electrification process in Sweden. The company had also noticed that more customers demanded reporting. Metal Company E believed that a part of their assortment will disappear in the future. Electric cars cannot pull trailers because of their own weight. Overall the company did not believe its production would be affected much by climate changes. Cultivation Company believed that the demand for locally produced crops would increase as customers become more environmentally conscious.

6. Discussion

This section is structured in a similar manner as the results, where this study's results are compared to previous research, frameworks and theories of CSR in SMEs, concerning aspects such as stakeholders, size and obstacles.

6.1 Recognition of CSR

Half of the companies recognized CSR, while the other half struggled to describe the concept. Each company that understood the concept had a different viewpoint of what it constitutes, which can be explained by the many existing different definitions (McWilliams et al., 2006). However, all of the companies worked with CSR questions to some extent. Castka et al. (2004) and Claesson (2006) have found that it is common that companies work with CSR without being aware of it, as in this case. Claesson's (2006) study showed that SMEs perceive LEs to have more responsibility towards CSR than SMEs, which contradicts this study's results. All of the SMEs answered that they thought they had the same responsibility towards socially responsible behavior as a LE, and sometimes even more. This is in line with Eriksson and Ahlstrand's (2011) conclusion, that many SMEs believe they have responsibilities towards society and the environment. The companies believed the resources LEs have can make a greater impact, but that each company should do what it can. Concerning the aspect that SMEs make up 99.9 percent of all enterprises in Sweden and generate the majority of Sweden's employment and added value (European Commission, 2019), it is reasonable to conclude that SMEs indeed can make an impact. Hence, the interviewed SMEs may have underestimated the accumulated impact all of the companies can contribute to together.

6.2 Ownership Form and Management Structure

Half of the interviewed companies were owner-managed companies, and half were subsidiaries to parent companies. According to Perrini et al. (2007), owner management is common within SMEs. Baumann-Pauly et al. (2013) states that LEs often have an employee that works specifically with CSR matters, while SMEs have rather informal descriptions for the job tasks. The results from this study have shown that the medium sized enterprises were more similar to LEs than the micro and small enterprises, as all of the three medium sized companies had one or several employees that worked specifically with CSR. The micro and small enterprises did not have a specific CSR

position, the responsibility for CSR questions rather fell on the owner-manager or an employee with other job tasks. Vyakarnam et al. (1997) explain that in LEs stakeholders are more distant to the manager, and therefore resources can be spent on CSR activities, while in smaller enterprises the stakeholders have more influence over the manager's investment decisions, and may impede CSR investments. That could be an explanation for why the medium sized companies to a larger extent had made CSR investments, for example by becoming ISO certified and having a strategy in hand in happenings of external interferences. According to a study by Jenkins (2006), a strong leadership is vital for companies to successfully implement CSR. In owner-managed businesses, the managers are often busy with day-to-day survival rather than strategic planning, and have more responsibilities than owners of LEs (Spence, 1999), and therefore the importance of leadership in owner-managed businesses may be put aside. That could explain why all of the subsidiaries, which all had separate managers and owners, had formal strategic business plans and also worked more with CSR matters, than the owner-managed businesses did. According to Chen (2020), subsidiaries can enjoy economic benefits from their parent companies, which could explain why the subsidiaries were more developed. The owner-managed businesses commonly solved problems non-strategically with an ad hoc methodology, which is in accordance with Spence's (1999) findings. Several of the owner-managed companies described the difficulties of handling crises, which correlate with also having a lack of strategic planning.

6.3 Major Stakeholders

As previously mentioned, various opinions were brought up when the companies were asked about which the companies' most important stakeholders were. As Dowling and Pfeffer (1975) assert, legitimacy is established by doing what the stakeholder desires and regards as legitimate at this moment. This is in line with Vyakarnam (1997), who states that stakeholders might influence a company's decision not to 'waste' resources on expenditures like CSR, and also in accordance with findings from Raza et al. (2019), that stakeholders have a significant impact on a company's CSR commitment. Metal Company A did not engage in CSR activities as much as it wanted to, since its most significant stakeholders, its customers and parent company, did not request it or put any pressure on the company.

According to Cultivation Company, the customers were the most important stakeholder. When asked about the advantages and disadvantages of working with CSR, it said that even if there was a demand for it, the consumer may not always be willing to pay for it. Metal Company B also responded similarly. This is in line with the conclusion of Claesson (2006), that it is a challenge to conduct CSR work if the customers are not willing to pay for it. In this study too, it turned out that the most significant stakeholder is a key factor in determining whether the company should increase its CSR efforts or not. As Goyal and Kumar (2017) states, the consumer's passive attitude towards CSR is a roadblock to CSR implementation. This could be interpreted as that firms will not work with issues related to CSR as long as their major stakeholders demonstrate no significant interest in doing so.

Metal Company D mentioned the parent company as an important stakeholder. Its parent company was certain that the future lies in sustainability. The company was also at the forefront when it came to CSR. It had everything from a business policy to numerous certifications, and also stated that it wished to be recognized as a sustainable business. One explanation to this could be that the parent company had a financial interest, which is consistent with the theory of Mitchell et al. (1997), that the financial interest of stakeholders should be considered. The company mentioned that its most important stakeholder is its customers, the society, and its owner. As Perrini et al. (2007) state, LEs are more likely to identify their key stakeholders and build formal CSR initiatives to fulfill their needs. Metal Company D mentioned having a tight communication with its most significant stakeholders by reporting on energy consumption and business trips to its parent company.

The European Commission's CSR definition states that enterprises should "have a process in place to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close cooperation with their stakeholders" (2011, fourth paragraph). After conducting this study, it appears that this definition applies more to medium sized enterprises and LEs than to small and micro enterprises. According to Jenkins (2006), the stakeholder theory is a good framework for understanding SMEs and CSR. Neither the CSR definition (European Commission, 2011) nor Jenkins (2006) statement is in line with the findings of this report, as the majority of the small companies lacked a clear strategy and did not collaborate with their

stakeholders in a systematic way. As Vázquez-Carrasco and López-Pérez (2013) stated, stakeholder theory seems to be more applicable to LEs than SMEs.

6.4 Size

Cultivation Company was the smallest company in this study, with only four employees and a turnover of 5 MSEK, making it a micro business. It had no defined CSR strategy except that it worked with the social aspect to a limited extent, partly by having collective agreements and employing people from vulnerable groups. This also applied to the other small companies, where there was no explicit CSR strategy. Cultivation Company also said it would like to work with CSR more, but that there were not enough resources, mainly a lack of financial means. Lepoutre and Henee (2006) mentions that due to lack of financial resources, small businesses find it more difficult than LEs to engage in CSR activities since it does not yield an immediate return.

Six of the interviewed enterprises were classified as small businesses. Printing Company, Furniture Company, Metal Company A, and Metal Company C, all practiced CSR in a similar manner. Advertising Company, which worked extensively with the environmental aspects of CSR, stood out among the group of six. Although, Advertising Company claimed that it did not have the financial assets nor the time to expand its CSR work, the company still had the most developed CSR engagement in the group of small firms. Miller (2020) mentions that a firm's initiatives for the environment and society does not have to affect the financial performance negatively. Torugsa et al. (2012) and Stoian and Gilman (2017) argue that CSR actually can improve a company's growth. This may explain why Advertising Company works with CSR, despite having fewer financial resources than the others. A contributing factor can also be that their business idea is to offer sustainable communication to its customers, as a result, their business model incorporates sustainability.

All of the small businesses agreed that there was not enough knowledge to develop their CSR work, which goes hand in hand with what Vives (2006), Goyal and Kumar (2017), and Dixit and Priya (2021) state. The three medium sized companies answered that the knowledge is within the company to develop their CSR work, and at all three of the companies they had an employee who works daily with issues related to CSR (HR-manager, quality and environmental manager).

According to Van and Nguyen (2019), managers' knowledge about CSR is linked to the number of CSR practices applied. This is also in line with the result of this report and might also be an explanation to why the small companies, apart from Metal Company C, replied that there was not enough knowledge within the firm, as no employee works specifically with CSR issues in the smaller firms. And as Van and Nguyen (2019) point out, managers with a better understanding of CSR will implement more CSR activities.

In case of severe external pressures, the smaller companies' primary concern was survival, whereas the medium sized companies prioritized staff health and a functional supply chain. Cultivation Company pointed out that LEs frequently have an ace up their sleeve in the event of external disturbances that may harm the business, however a small company like itself simply had to 'go with the flow' due to lack of resources. As mentioned earlier, this is in accordance with Eriksson and Ahlstrand (2011), Goyal and Kumar (2016), and Zou et al. (2021), who state that SMEs lack of financial resources is a common obstacle to CSR engagement. As Vives (2006) states, medium sized businesses are more involved in socially responsible activities than small businesses. Although interviews with additional companies would be required to reach a broad generalization, this report supports Vives (2006) findings.

6.5 Location

In regard to location, Energy Company and Advertising Company were both located in cities. However, the companies varied in size concerning employees, annual turnover and balance sheet. Energy Company had an advantage for having more resources, both regarding financial and human resources, since the Advertising Company declared they did not have the financial assets or time to work and develop their social and environmental work as much as they would want. For being such a small company like Advertising Company was, it had a quite developed CSR engagement which was shown for example by its environmental diploma. A contributing reason for the company's engagement in CSR could be linked to the fact that it was located in a city, which correlates to a higher CSR engagement according to studies by Husted et al. (2016) and Zamir and Saeed (2020). These two companies were more exposed to stakeholder pressure (Zamir & Saeed, 2020) and therefore may have felt obligated to endeavor in CSR related activities, such as environmental policies, as they were the only two companies that had policies that were solely

dedicated to the environment. Printing Company also had an environmental policy, but it stated it only was 'for show' and nothing the company actively worked with.

Metal Company B was one of the companies in the sample that had integrated CSR into its business strategy the most. One contributing factor for this could be linked to its stakeholder pressure from its community, which is an aspect that affects CSR commitment according to Raza et al. (2019). Park and Ghauri (2015) states that the local community may put pressure on companies, and as Metal Company B stated in its interview, it had a lot of eyes on it, because it was a big company in a small urban area with 2 000 in population and it could feel the pressure from the local community to act in a certain way. Though, Zamir and Saeed (2020) state that companies in bigger cities are more affected by this kind of pressure, and respond to it, which can be another explanation for why Advertising Company was comparatively more invested in CSR activities than the other smaller companies, which did not have a considerable amount of CSR work.

In the sample there were three companies, Printing Company, Furniture Company and Metal Company A, that all were located within a couple of 100 meters of each other. Because of this, according to Chintrakarn et al. (2017), the companies should have similar CSR policies. In this study that was not the case. None of the three companies were in the forefront of CSR related work, and they all worked with CSR in different ways.

6.6 CSR Activities

If a company should consider itself as sustainable according to the TBL, it must account for all the 3P's, and maximize its positive impact while minimizing its negative impact. All of the companies were engaged in some kind of social activities, which can be linked to 'people' in the TBL framework. For example, eight out of the 10 companies had collective agreements, and all companies had fringe benefits, such as coffee and wellness grants. Nine out of 10 companies conducted education to enhance employees' skills development, which is a common CSR activity according to Perrini et al. (2006). One CSR activity that Jenkins (2006) features is employment of disabled and old people which all of the companies state that they were open to employ, and some had in fact done it. Another social activity that nine out of 10 companies did was sponsoring organizations and events, which is an example of activities from Ahmad's (2006) and Perrini et al.

(2006) studies. Ahmad (2006) also mentions donations that are collected from employees as a CSR activity, which the Energy Company had done to help people enduring the war in Ukraine. Kraaijenbrink (2019) states that the people aspect in TBL is connected to how companies can have an impact on stakeholders, meaning both suppliers, customers, communities and employees. CSR activities like collective agreements, education and fringe benefits all have a positive impact on employees and contribute to motivate and satisfy employees (Hertzberg et al., 1959). In regard to companies trying to affect suppliers, five out of 10 companies put demands on them. Metal Company B and C put demands on suppliers to have ISO 9001 and 14001 certifications, otherwise they conducted their own audits on the suppliers, which can be seen as a CSR activity from the people aspect of TBL, according to Jenkins (2006).

When companies sponsor different organizations and events, they contribute to their local community, which has a positive impact on both the people and profit aspects of the TBL (Kraaijenbrink, 2019). SMEs and the local community tend to have a closer relationship than larger enterprises have (Perrini et al., 2007), and therefore the SMEs may choose to sponsor organizations and events although they have fewer financial resources. By being located in small urban areas with less than 2 000 inhabitants, as five of the 10 companies were, the companies contributed to the local community and its economy. Hence, the companies had a positive impact on the profit aspect of the TBL, by paying taxes and creating jobs (Kraaijenbrink, 2019). In regard to the planet aspect of the TBL, six out of the 10 companies had some sort of diploma or certification regarding the environment. Being certified against ISO 14001 is classified as an environmental CSR activity (Jenkins, 2006), which four of the companies are. All of the companies were sorting their waste and some materials went to recycling. Four of the companies were working on reducing their energy consumption and becoming more energy efficient, which are environmental CSR activities mentioned by Perrini et al. (2007).

6.7 Perceived Obstacles of CSR

All of the companies except one stated that they would like to implement more CSR activities into their business, but admitted that there existed some barriers. The most frequently mentioned obstacle of implementing CSR activities was resource constraints, in the shape of time and financial means. The aspect of time constraints is in line with what Jenkins (2006) and Hsu and

Cheng (2012) have concluded. Shortage of financial means is a common obstacle according to Vives (2006), Sweeney (2007), Preuss and Perschke (2010), and Zou et al. (2021).

Several of the companies stated that they would need to measure their impact to know where they stand and what could be done to improve. That is, the companies are unaware of the impact they have on the environment as there are no available measurement systems. As Vives (2006), Goyal and Kumar (2017), Van and Nguyen (2019) and Dixit and Priya (2021) state, lack of knowledge is another common obstacle for SMEs to implement CSR activities. Several companies also stated that working with CSR is synonymous with higher costs, although Miller (2020) concludes that engaging in environmental and societal initiatives necessarily does not have to affect companies' financial performance. The companies' association with higher costs might be a sign of lack of knowledge about the real costs and benefits of CSR.

According to Goyal and Kumar (2017) and Zou et al. (2021), a passive attitude against CSR from customers is yet another obstacle for the SMEs. In accordance with Goyal & Kumar (2017), Claesson (2006) states that customers' unwillingness to pay for CSR is an obstacle, which was brought up by Cultivation Company and Metal Company A and B during the interviews. Metal Company A stated that neither customers nor the parent company motivated it to work with CSR matters. Metal Company D explained that its biggest challenge to implement more CSR activities was to make sure that all its employees were involved in the matters. Jenkins (2006) states that involving employees indeed is a very important challenge for companies to tackle, no matter size or sector.

According to Jenkins (2006) and Preuss and Perschke (2010) it has been proven that it is difficult to measure the benefits of CSR, which may be yet another obstacle for the SMEs. If the companies do not see any benefits with CSR activities, it is not prioritized over other matters. That is in line with Claesson's (2006) conclusion, that the companies need to see clear economic benefits of CSR to implement activities into the business.

6.7.1 Drivers for CSR

The companies mentioned different reasons for why they were engaging in CSR. The Cultivation Company and Energy Company said that it felt good to contribute. That reason is in line with Graafland et al (2010) and Grimstad et al. (2019) findings, that companies are motivated to do CSR activities because it is the morally right thing to do. Wanting to do the morally right thing can be connected to ethics and personal values (Hsu & Cheng, 2012), which Vives (2006) states is one of the most common CSR drivers. The owner-manager's personal values were especially important to Cultivation Company which is a small, owner-managed company. Cultivation Company is therefore more independent and driven by the owner's preferences, which is in line with findings from Spence (1999) and Lee et al. (2016). Personal values are a driver to engage in CSR as stated by Hsu and Cheng (2012). Metal Company D was driven by the parent company's belief that working with CSR was the right way to go. This can be linked to owners' and managers' support of CSR (Hsu & Cheng, 2012), and their values which (Preuss & Perschke, 2010; Fraj-Andrés et al., 2012; Massoud & Willi, 2020) identify as a CSR driver.

Market pressure is another driver to engage in CSR practices (Fraj-Andrés et al., 2012; Van & Nguyen, 2019; Massoud & Willi, 2020) which Metal Company A stated it did not have, rather the opposite, its customers and their organization were afraid to drive up costs if they put demand on companies to become more sustainable. All of the Metal Companies mentioned that they separated metal waste and sold it, which could be seen as an economic motivation to recycle. However, none of the companies mentioned CSR engagement as a driver to minimize costs, increase efficiency (Jenkins, 2006) or to improve firm growth (Torugsa et al., 2012; Stoian & Gilman, 2017). Moreover, a reason for engaging in CSR practices can be to create legitimacy towards stakeholders (Dowling & Pfeffer, 1975), but that reason did not appear in this study.

6.7.2 Perceived Future Challenges

When looking at perceived future challenges regarding climate change, the answers given by the companies varied a lot. A handful of the interviewees gave well-developed, nuanced and motivated answers, while other companies thought they either would not be very affected, or that they would benefit from climate changes. There was a pattern between the smaller owner-managed companies, with one exception from Advertising Company, for giving a shorter and less nuanced answer than the medium sized subsidiary companies who had employees working directly with environmental

questions. A reason for this could be a higher level of knowledge and interests among the medium sized companies. However, there is no right answer to this question since what will happen in the future is unknown. Although, answering this question may say something about the interviewees' personal interests, values and ethics, which is stated by Hsu and Cheng (2012) as drivers for CSR engagement. Since the interest in the smaller companies was lower than for the medium sized companies, it could be an explanation for the lower engagement in CSR.

7. Conclusion

In this section, the thesis' research question is answered, and contributions and future research suggestions are presented.

This cross-sectional study has examined how and to what extent 10 Swedish SMEs practice CSR, by conducting semi-structured interviews. The aim was to gain a better understanding of the SMEs' practices, and what obstacles can arise when implementing CSR activities. In accordance with previous studies, some SMEs work with CSR without being aware of the concept. All of the interviewed SMEs considered themselves to have the same responsibility towards CSR as LEs, unlike what previous studies have found. Regarding the comparison between the firms' location, no large conclusions could be drawn, since the sample was too small to find any obvious patterns, and the same goes for sector differences. Overall, the owner-managed businesses worked less with CSR than the subsidiaries, with a few exceptions. An explanation could be that the owner-managers had more responsibilities and less resources to work with, while the subsidiaries could benefit from the parent company's resources. A strong leadership was necessary for both ownership forms to implement CSR. The SMEs' stakeholders had influence over how the companies worked with CSR, which could go both ways. Low pressure from stakeholders led to less CSR activities, while more pressure led to more activities. In this case, the stakeholder theory was not very applicable, since the SMEs were not as affected as LEs concerning pressure from shareholders. The authors saw a correlation between the size of the companies and the quantity of CSR activities. This is explained by the fact that the smaller companies had less resources in the shape of financial, human and knowledge capital.

All of the companies worked with CSR to some extent. The most common CSR activities were sponsoring organizations, fringe benefits, collective agreements and certifications. The companies performed social CSR activities to a larger extent than environmental activities. The major obstacles to CSR were time, financial means, lack of knowledge and little pressure from stakeholders, as well as the difficulties of measuring the different benefits of CSR. Drivers of CSR were ethical and moral obligations, financial means from recycling and positive pressure from

stakeholders. The SMEs' understanding of what consequences future climate changes could have on their business varied, but all companies would like to advance their CSR practices further on.

7.1 Contributions

Firstly, this study has contributed to the research field on SMEs' CSR practices by presenting more knowledge, which hopefully can help to further close the gap between theory and practice. Secondly, the study has provided better understanding of the obstacles SMEs face when trying to implement CSR practices. Thirdly, the study has contributed with coverage of how specifically Swedish SMEs practice CSR, as the Swedish research field on the subject is rather deficient in comparison to the foreign research field. Fourthly, since this study was conducted with semi-structured, profound interviews, rather than surveys, a deeper understanding of SMEs' reasoning could be uncovered. Finally, the study has provided the research field with insights from different industries, and has highlighted the importance Swedish SMEs possess in making the world more sustainable.

7.2 Recommendations for Future Research

An interesting aspect to research further is how SMEs' CSR practices develop over time. As this study was cross-sectional, the authors could only unveil a momentary snapshot of the SMEs' practices. The majority of this study's SMEs explained that they strived to develop their CSR work, and therefore it would be interesting to follow SMEs over a longer period of time. It would also be rewarding to interview more than 10 SMEs, within the same or different sectors, to find common denominators and differences between them. As researchers have previously mentioned, it would also be interesting to compare SMEs across different countries. It would also be rewarding to put more focus on the economic aspect of sustainability, and perhaps examine how noted SMEs practice CSR.

References

- Ahmad, S. (2006). From Principles to Practice: Exploring Corporate Social Responsibility in Pakistan. *The Journal of Corporate Citizenship*, 24(24), 115–129.
- Baumann-Pauly, D., Wickert, C., Spence, L. J., & Scherer, A. G. (2013). Organizing corporate social responsibility in small and large firms: Size matters. *Journal of business ethics*, 115(4), 693–705.
- Berger, I. E., Cunningham, P. H., & Drumwright, M. E. (2007). Mainstreaming Corporate Social Responsibility: Developing Markets for Virtue. *California Management Review* 49(4), 132–157.
- Bryman, A., & Bell, E. (2013). *Företagsekonomiska forskningsmetoder*. Liber.
- Cambridge Dictionary. (n.d.). Enterprise. In the *Cambridge Dictionary*. Retrieved 2022-05-06 from: <https://dictionary.cambridge.org/dictionary/english/enterprise>
- Castka, P., Balzarova, M. A., Bamber, C. J., & Sharp, J. M. (2004). How can SMEs effectively implement the CSR agenda? A UK case study perspective. *Corporate Social Responsibility and Environmental Management*, 11(3), 140–149.
- Chen, J. (2020). *Subsidiary*. Investopedia. Retrieved 2022-05-10 from: <https://www.investopedia.com/terms/s/subsidiary.asp>
- Chintrakarn, P., Jiraporn, P., Jiraporn, N., & Davidson, T. (2017). Estimating the effect of corporate social responsibility on firm value using geographic identification. *Asia-Pacific Journal of Financial Studies*, 46(2), 276–304.
- Ciliberti, F. G., Pontrandolfo, P., & Scozzi, B. (2008). Investigating corporate social responsibility in supply chains: a SME perspective. *Journal of Cleaner Production*, 16, 1579–1588.

Claesson, C. (2006). *How Swedish SMEs perceive their Corporate Social Responsibility*. [Magister thesis, Chalmers University of Technology]. *Chalmers Open Digital Repository*. <https://odr.chalmers.se/bitstream/20.500.12380/25904/1/25904.pdf>

The Confederation of Swedish Enterprise. (n.d.). *SME-kommittén*. Retrieved 2022-05-06 from: <https://www.svensktnaringsliv.se/sme/>

Deijl, C., de Kok, J., & Veldhuis-Van Essen, C. (2013). *Is small still beautiful? Literature review of recent empirical evidence on the contribution of SMEs to employment creation*. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

Dixit, S. K., & Priya, S. S. (2021). Barriers to corporate social responsibility: an Indian SME perspective. *International Journal of Emerging Markets*.

Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of management Review*, 20(1), 65–91.

Dowling, J., & Pfeffer, J. (1975). Organizational legitimacy: Social values and organizational behavior. *Pacific sociological review*, 18(1), 122–136.

Edeigba, J., & Arasanmi, C. (2021). An empirical analysis of SMES' triple bottom line practices. *Journal of Accounting & Organizational Change*.

Elkington, J. (1998). Partnerships from cannibals with forks: The triple bottom line of 21st century business. *Environmental quality management*, 8(1), 37–51.

Elkington, J. (2018). 25 years ago I coined the phrase “triple bottom line.” Here’s why it’s time to rethink it. *Harvard business review*, 25, 2–5.

Eriksson, H., & Ahlstrand, P. (2011). *CSR i små företag*. [Master thesis, University of Gothenburg]. Gothenburg University Publications Electronic Archive. https://gupea.ub.gu.se/bitstream/handle/2077/25029/gupea_2077_25029_1.pdf?sequence=1

European Commission. (25 October, 2011). *Corporate Social Responsibility: A New Definition, a New Agenda for Action*. Retrieved 2022-03-18 from: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/730>

European Commission. (2001). *Green paper: Promoting a European framework for corporate social responsibility*. Commission of the European Communities.

European Commission. (2019). *2019 SBA Fact Sheet – Sweden*. Retrieved 2022-03-18 from: <https://ec.europa.eu/docsroom/documents/38662/attachments/28/translations/en/renditions/native>

Forex. (2022). *Valutaomvandlare*. Retrieved 2022-05-20 from: <https://www.forex.se/valuta/eur>

Fraj-Andrés, E., López-Pérez, M.E., Melero-Polo, I., & Vázquez-Carrasco, R. (2012). Company image and corporate social responsibility: reflecting with SMEs' managers. *Marketing Intelligence & Planning*, 30, 266-280.

Fresner, J. (2004). Small and medium sized enterprises and experiences with environmental management. *Journal of Cleaner Production*, 6(12), 545–547.

Galbreath, J. (2010). Drivers of corporate social responsibility: The role of formal strategic planning and firm culture. *British Journal of Management*, 21(2), 511–525.

Goyal, P., & Kumar, D. (2017). Modeling the CSR barriers in manufacturing industries. *Benchmarking: An International Journal*.

Graafland, J., Kaptein, M., & Mazereeuw-van der Duijn Schouten, C. (2010). Motives of Socially Responsible Business Conduct. *Centre Discussion Paper Series No. 2010-74*.

Grimstad, S. M., Glavee-Geo, R., & Fjørtoft, B. E. (2020). SMEs motivations for CSR: an exploratory study. *European Business Review*, 32, 553–572.

Herzberg, F., Mausner, B., & Bloch, B. (1959). *The motivation to work*. New York: Wiley

Hsu, J. L., & Cheng, M. C. (2012). What prompts small and medium enterprises to engage in corporate social responsibility? A study from Taiwan. *Corporate social responsibility and environmental management*, 19(5), 288–305.

Husted, B. W., Jamali, D., & Saffar, W. (2016). Near and dear? The role of location in CSR engagement. *Strategic management journal*, 37(10), 2050–2070.

ISO. (n.da) *ISO 14000 family, environmental management*. Retrieved 2022-05-19 from:

<https://www.iso.org/iso-14001-environmental-management.html>

ISO. (n.db). *ISO 9000 family, quality management*. Retrieved 2022-05-20 from:

<https://www.iso.org/iso-9001-quality-management.html>

Jenkins, H. (2004). A critique of conventional CSR theory: An SME perspective. *Journal of General Management*, 29(4), 37–57.

Jenkins, H. (2006). Small Business Champions for Corporate Social Responsibility. *J Bus Ethics* 67, 241–256.

Jenkins, H. (2009). A ‘business opportunity’ model of corporate social responsibility for small and medium sized enterprises. *Business ethics: A European review*, 18(1), 21–36.

Jensen, M. (2001) Value maximization, stakeholder theory, and the corporate objective function. *Journal of Applied Corporate Finance*, 14 (3), 6–21.

Kraaijenbrink, J. (2019). *What The 3Ps Of The Triple Bottom Line Really Mean*. Retrieved 2022-04-26 from: <https://www.forbes.com/sites/jeroenkraaijenbrink/2019/12/10/what-the-3ps-of-the-triple-bottom-line-really-mean/?sh=2a38076e5143>

Księżak, P., & Fischbach, B. (2017). Triple Bottom Line: The Pillars of CSR. *Journal of corporate responsibility and leadership*, 4(3), 95–110.

Lee, K., Herold, D. M., & Yu, A. (2016). Small and Medium Enterprises and Corporate Social Responsibility Practice: A Swedish Perspective. *Corporate Social Responsibility and Environmental Management*, 23(2), 88–99.

Lepoutre, J., & Heene, A. (2006). Investigating the impact of firm size on small business social responsibility: A critical review. *Journal of Business Ethics*, 67(3), 257–273.

Massoud, J. A., Daily, B. F., & Willi, A. (2020). A qualitative study of Argentine small and medium enterprises: Factors driving social responsibility. *Business Strategy & Development*, 3(1), 28–38.

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate social responsibility: Strategic implications. *Journal of Management Studies*, 43(1), 1–18.

Miller, K. (2020). The triple bottom line: what is it & why it's important. *Business Insights-Blog*. Retrieved 2022-04-25 from: <https://online.hbs.edu/blog/post/what-is-the-triple-bottom-line>

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of management review*, 22(4), 853–886.

Park, B. I., & Ghauri, P. N. (2015). Determinants influencing CSR practices in small and medium sized MNE subsidiaries: A stakeholder perspective. *Journal of World Business*, 50(1), 192–204.

- Perrini, F. (2006). SMEs and CSR Theory: Evidence and Implications from an Italian Perspective. *Journal of Business Ethics*, 67(3), 305–316.
- Perrini, F., Pogutz, S., & Tencati, A. (2006). Corporate social responsibility in Italy: State of the art. *Journal of Business Strategies*, 23(1), 65–91.
- Perrini, F., Russo, A., & Tencati, A. (2007). CSR strategies of SMEs and large firms. Evidence from Italy. *Journal of business ethics*, 74(3), 285–300.
- Phillips, R., Freeman, R., & Wicks, A. (2003). What Stakeholder Theory is Not. *Business Ethics Quarterly*, 12(4), 55–100.
- Pimenova, P., & Van Der Vorst, R. (2004). The role of support programmes and policies in improving SMEs environmental performance in developed and transition economies. *Journal of Cleaner Production*, 12(6), 549–559.
- Preuss, L., & Perschke, J. (2010). Slipstreaming the larger boats: Social responsibility in medium-sized businesses. *Journal of Business Ethics*, 92(4), 531–551.
- Raza, J., Liu, Y., & Usman, M. (2019). Corporate social responsibility commitment of small to medium enterprises and organizational competitive differentiation: Stakeholder pressure, market orientation, and socioeconomic context effects. *Journal of Public Affairs*, 19(2).
- Simpson, J., & Taylor, J. R. (2013). *Corporate governance ethics and CSR*. Kogan Page Ltd.
- Slaper, T. F., & Hall, T. J. (2011). The triple bottom line: What is it and how does it work? *Indiana Business Review*, 86(1), 4–8.
- Spence, L. J. (1999). Does size matter? The state of the art in small business ethics. *Business Ethics: A European Review*, 8(3), 163–174.

Statistics Sweden. (n.d.). *Företagsregister*. Retrieved 2022-05-10 from: <https://www.scb.se/vara-tjanster/bestall-data-och-statistik/foretagsregistret/>

Stekelorum, R., Laguir, I., & Elbaz, J. (2018). CSR disclosure and sustainable supplier management: A small to medium-sized enterprises perspective. *Applied Economics*, 50(46), 5017–5030.

Stoian, C., & Gilman, M. (2017). Corporate social responsibility that “pays”: A strategic approach to CSR for SMEs. *Journal of Small Business Management*, 55(1), 5–31.

Swedish Companies Registration Office. (22 October, 2019). *Hållbarhetsrapport*.

Retrieved 2022-03-18 from:

<https://bolagsverket.se/ff/foretagsformer/aktiebolag/arsredovisning/delar/hallbarhetsrapport-1.17962>

Swedish Companies Registration Office. (11 April, 2022). *Privat eller publikt aktiebolag?*

Retrieved 2022-05-10 from:

<https://bolagsverket.se/foretag/aktiebolag/startaaktiebolag/privatellerpubliktaktiebolag.527.html>

Sweeney, L. (2007). Corporate social responsibility in Ireland: barriers and opportunities experienced by SMEs when undertaking CSR. *Corporate Governance*, 7(4), 516–523.

Torugsa, N. A., O’Donohue, W., & Hecker, R. (2012). Capabilities, proactive CSR and financial performance in SMEs: Empirical evidence from an Australian manufacturing industry sector. *Journal of business ethics*, 109(4), 483–500.

UNFCCC. (2022a). *What is the Kyoto Protocol?* Retrieved 2022-05-22 from:

https://unfccc.int/kyoto_protocol

UNFCCC. (2022b). *The Paris Agreement*. Retrieved 2022-05-22 from: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

United Nations. (n.d). *Transforming our world: the 2030 Agenda for Sustainable Development*. Retrieved 2022-04-06 from: <https://sdgs.un.org/2030agenda>

United Nations in Western Europe. (2022). *The UN and the war in Ukraine: key information*. Retrieved 2022-05-23 from: <https://unric.org/en/the-un-and-the-war-in-ukraine-key-information/>

United Nations Global Compact. (n.d.) *The Ten Principles of the Global Compact*. Retrieved 2022-04-06 from: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

University of Wisconsin. (n.d.). The Triple Bottom Line. [Photo]. <https://sustain.wisconsin.edu/sustainability/triple-bottom-line/>

Van, L. T. H., & Nguyen, P. A. (2019). Corporate social responsibility and SMEs in Vietnam: A study in the textile and garment industry. *Journal of Risk and Financial Management*, 12(4), 174.

Vázquez-Carrasco, R., & López-Pérez, M. E. (2013). Small & medium-sized enterprises and Corporate Social Responsibility: a systematic review of the literature. *Quality & Quantity*, 47(6), 3205–3218.

Vives, A. (2006). Social and environmental responsibility in small and medium enterprises in Latin America. *Journal of corporate citizenship*, (21), 39–50.

Vyakarnam, S., Bailey, A., Myers, A., & Burnett, D. (1997). Towards an understanding of ethical behaviour in small firms. *Journal of Business Ethics*, 16(15), 1625–1636.

World Health Organization Regional Office for Europe. (n.d.). *Coronavirus disease (COVID-19) pandemic*. Retrieved 2022-05-23 from: <https://www.who.int/europe/emergencies/situations/covid-19>

Zamir, F., & Saeed, A. (2020). Location matters: Impact of geographical proximity to financial centers on corporate social responsibility (CSR) disclosure in emerging economies. *Asia Pacific Journal of Management*, 37(1), 263–295.

Zou, Z., Liu, Y., Ahmad, N., Sial, M. S., Badulescu, A., Zia-Ud-Din, M., & Badulescu, D. (2021). What prompts small and medium enterprises to implement CSR? A qualitative insight from an emerging economy. *Sustainability*, 13(2), 952.

Appendix

Interview Guide

1. Tell us briefly about the business. What does the company do? How many employees does the company have?
2. Are the CEO and the owner of the company the same person?
 - Who makes the majority of the decisions in the organization?
3. Is the company engaged in any activities to reduce its climate impact?
4. How do you think future climate changes will affect your business?
 - What are the challenges?
5. How does the company handle its waste?
6. Does the company have any policies regarding how it handles environmental issues?
 - Are these policies continuously revised?
7. Does the company have an ethics policy and/or code of conduct?
8. Does the company put any specific demands on its suppliers?
9. Does the company have a collective agreement? Yes/No
10. Do the company's employees have any special benefits?
 - If yes, which ones?
11. Do the employees undergo any internal training?

12. Does the company have an employee who is responsible for environmental and/or social issues?
13. Are environmental and/or social issues a recurring matter that is discussed during meetings?
14. Which aspects are the most important for the company when recruiting new staff?
15. Is the company open to employing people from socially vulnerable groups, e.g. young, newcomers, or older people?
16. In the company's financial statements, are any measures apart from financial ones reported?
 - If yes, which ones?
17. Does the company have any (sustainability) certifications?
 - If yes, which are they, and why has the company chosen to be certified?
18. From the perspective of a SME, does the company believe it has the same responsibility for environmental and social issues as a large company?
 - What is the company's specific responsibility towards the environment and society?
19. How does the company want to be perceived by the stakeholders?
 - How does the company make sure stakeholders perceive it in that way?
20. Does the company perceive its actions for environmental and social issues to be sufficient?
 - What obstacles are there?
 - Does the company have the resources needed to develop its actions?

21. What advantages and disadvantages does the company associate with working with environmental and social issues?