

**The Pursuit of Corporate Social Responsibility in Developing Countries by
Dutch Small and Medium Enterprises**

Mapping the Determinants of Engagement within the Cleantech, Fashion and
Agriculture Industries

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Abstract

This research aimed to explore the determinants of corporate social responsibility (CSR) engagement amongst Dutch small and medium enterprises (SMEs) operating in developing countries. Transnational supply chains come along with many challenges in terms of CSR, as the public also becomes increasingly more educated about the origin of products, fueling accusations and controversies concerning environmental pollution, human rights abuse, and exploitation within the supply chain of Western companies with transnational supply chains. Thus it is of critical importance to advance CSR as an integral part of business processes, an argument that is apparent in the increasingly expanding CSR literature.

This study was completed in collaboration with MVO Nederland and their yearly Thermometer survey, which surveyed 1.166 Dutch SMEs across numerous industries, providing a solid foundation for this follow-up study. The main results show that the main sentiments towards CSR are very optimistic, with a lot of participants addressing its essential role within businesses nowadays. Many have indicated externally driven impulses as their main motivation to strive for the further advancement of CSR within their company. However, companies with a direct business model consistently showed more activity and drive to further CSR in comparison to companies with an indirect business model.

Key words:

Corporate social responsibility, developing countries, direct trade, indirect trade, MVO Nederland, small and medium enterprises

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1. Introduction

The balance and relationship between businesses, states, and civil societies has been challenged and transformed in the past few decades (Morsing & Perrini, 2009). Previously there was a general perception concerning the responsibility of corporations, one that was centered on the maximization of the profits of its owners and shareholders (Friedman, 1970). However, corporations are now increasingly expected to extend their responsibilities and conduct their business in a socially responsible manner. This change has been attributed to the processes of globalization, which changed the context in which businesses operate, the development of new media channels, and the increased size and influence of corporations (Dahlsrud, 2008; Raynard & Forstater, 2002).

Consequently, business are increasingly faced with public cynicism towards their role in society and are often viewed as a major cause of social, environmental, and economic problems nowadays (Porter & Kramer, 2011). This has pressured businesses to reassess their responsibilities towards society. The notion of corporate social responsibility (CSR) is applied by companies to integrate social and environmental concerns into their decision making processes, which in turn reflects the expectations that society and stakeholders now have of firms (Andersen & Skjoett-Larsen, 2009; Coppa & Sriramesh, 2012; Wood, Williamson & Jenkins, 2009). This is especially apparent in the field of transnational or international corporate social responsibility (ICSR), where companies located in Western countries, operate in less developed countries (Raynard & Forstater, 2002).

International corporations in particular, are subject to criticism, since their supply chain transcends many borders and thus increases the amount of CSR risks substantially. Under the influence of our contemporary digital multimedia landscape and the advancement of technology, it has become increasingly more difficult for companies to hide unethical practices (Andersen & Skjoett-Larsen, 2009). As accusations and controversies made by governments and the public concerning environmental pollution, human rights abuse, and exploitation within the supply chains of Western companies continue to appear, organizations have been pressured into becoming more environmentally and socially responsible when

pursuing international aspirations while maintaining strong stakeholder ties. Thus, with the effects of globalization becoming more noticeable for both businesses and consumers, there will be a focus on the pursuit and enactment of CSR in developing countries throughout this research.

Because of its social impact and its many implications for corporations, CSR has been a widely researched concept amongst researchers. However, when looking at the body of literature, there seems to be a disproportionate level of attention paid to the concept of CSR amongst multinational corporations (MNCs) in comparison to small and medium enterprises (SMEs) (Cochius, 2006; Coppa & Sriramesh, 2012; Jenkins, 2009; Morsing & Perrini, 2009; Nielsen & Thomsen, 2009; Hammann, Habisch & Pechlaner, 2009). Although it is understandable that MNCs are expected to have a large impact on the environment they operate in and receive a lot of media attention regarding their decisions, this certainly does not mean that SMEs should not pay attention to CSR issues (Cochius, 2006). However, there is clearly a discrepancy between the amount of attention spend on the subject amongst scholars towards CSR within SMEs in comparison to the attention spend on the subject within MNCs.

Considering the infant state of the general literature surrounding CSR amongst SMEs, and in particular, the almost non-existent state of literature involving the Netherlands, there is a lot of space for exploratory research to fill a scientific void (Fisher et al., 2009; Nielsen & Thomsen, 2009). This thesis aims to contribute to an underexplored space, that of CSR among SMEs in an international context, which will prove to be increasingly relevant for SMEs, their CSR practices, and CSR scholarship since the increase in transnational activity is sure to lead to many CSR challenges. With this in mind, the main research question is formulated as follows:

RQ: What are the current determinants of corporate social responsibility engagement amongst Dutch small and medium enterprises operating in developing countries?

In particular, the thesis examines this question in the context for three sectors, namely the cleantech sector, the fashion sector, and the agriculture sector. The aim is to examine how CSR is perceived across these sectors, the key motivations and challenges, CSR enactment, and the impact of business models on CSR enactment.

1.1 MVO Nederland

This research was conducted in collaboration with MVO Nederland. MVO Nederland (CSR Netherlands) is a non-government organization founded in 2004 by the Dutch Ministry of Economic Affairs. The organization embodies the institutionalization of CSR for the Netherlands and strives to provide a strong foundation for the implementation and advancement of CSR within Dutch companies. Areas such as the production process, sales, and employee management are covered by the expertise of the organization. They aim to provide practical tips, real-life case studies and a valuable network to connect companies with CSR and each other (MVO Nederland, 2014). MVO Nederland currently has 2059 partners (MVO Nederland, 2014). In 2013, the organization implemented and launched their yearly Thermometer survey¹ for the first time. Its objective is to map the awareness, enactment, motivations, and challenges faced by Dutch SMEs (2-250 employees) when engaging with CSR on a transnational scale. Thermometer surveyed 1.110 SMEs in its 2013 edition, whereas in 2014, the survey has covered 1.166 SMEs (MVO Nederland, 2014). This extensive amount of data provided a solid point of reference for this research, as well as a source of participants.

Thus, for this research, the results from the 2014 annual survey were utilized, from which a sample of participants was selected and interviewed to provide further insight of the motivations and challenges Dutch SMEs face when engaging with CSR in developing countries.

1.2 Academic and societal relevance

The term CSR has been prominently linked to the practices (and controversies) of large MNCs over the years, however there has been a rise in scholarly attention given to SMEs (Nielsen & Thomsen, 2009). Although divided in countless individual entities with very heterogeneous characters, SMEs cumulatively account for more than 90% of all enterprises globally, providing approximately 60% of global employment opportunities (Fisher et al., 2009; Jenkins, 2009; Raynard & Forstater,

¹ <http://www.mvonderland.nl/publicatie/imvo-thermometer-mkb-ers-onderschatten-relatie-met-ontwikkelingslanden>

2002). In the Netherlands, SMEs account for 99% of all businesses (MVO Nederland, 2014), making the inclusion of SMEs in the CSR literature even more relevant for their market.

SMEs differ fundamentally from large corporations in terms of available resources, annual revenues, importance of managerial values, size, and stakeholder prioritization. Therefore, although a vast number of theories and instruments have been developed to measure CSR, it can be stated that these are not fully applicable to SMEs since the research has been largely focused on MNCs (Garriga & Melé, 2004, Murillo & Lozano, 2006). SMEs have different drivers, challenges and opportunities when it comes to their CSR strategies and enactment, because they operate in fundamentally different ways (Coppa & Sriramesh, 2012; Fisher et al., 2009).

Although it cannot be denied that the concept of corporate social responsibility has received extensive attention the past few decades from governments, the public, and the scientific community, its definition is still debatable (Coppa & Sriramesh, 2012; Dahlsrud, 2008; Hammann, Habisch & Pechlaner, 2009; Nielsen & Thomsen, 2009; Porter & Kramer, 2011). Like with many other organizational phenomena, the main problem when defining CSR is not a lack of definitions, but the abundance of different definitions across the literature and the lack of consensus on one (Coppa & Sriramesh, 2012; Dahlsrud, 2008). This might be due to the fact that CSR is considered a social construct and is subjected to change. Therefore it is difficult to develop an unbiased definition, although many attempts have been made. A research by Dahlsrud (2008) has shown that amongst 37 definitions, gathered from institutions and the scientific community, the most widely used definition of CSR was the one issued by the European Commission in 2001, which was revised in 2011. The European Commission (2011) has 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” (p. 3). Because of the wide acceptance of this definition amongst scholars, this will be the main definition used within this paper to grasp the notion of CSR within the body of literature.

The pressure to engage with CSR is embodied by the European Union, but also by other international and non-government organizations. These initiatives

helped popularize the concept of CSR on an international, European, and national level (Coppa and Sriramesh, 2012). They all aim to change corporation's conventional single-mindedness in pursuing profits, into a more socially aware attitude (Jenkins, 2009).

Thus, not only is there an increase of attention for CSR from consumers and other stakeholders due to the increased transparency through digital media nowadays, SMEs are also more prone to CSR risks due to an increase in transnational business models. This provides a substantial amount of both societal and academic relevance for this research, since the models and tools developed with regards to CSR have been mostly centered on large MNCs, who function fundamentally different from their smaller SME counterpart. First of all, to understand the implications of CSR for SMEs in developing countries, the foundations of the concept of CSR and related theories are addressed more in-depth. Therefore a literature review with the main theories and discussions is presented. After which SMEs will be highlighted with the main challenges they face in a general and international context, followed by the research design, results, and discussion.

2. Literature review

Under the influence of globalization and an increasingly negative perception of the role of businesses within society, the relationship between businesses and society has reached a turning point, one that is situated around the concept of corporate social responsibility (Morsing & Perrini, 2009). The academic dialogues on CSR were already audible in the 1950s and after a peak in the 1970s, the concept is yet again gaining momentum in the 21st century (Cochius, 2006). It has been stated that CSR addresses the relationships between stakeholders, organizations, and their environment (Coppa & Sriramesh, 2012; Dahlsrud, 2008). Engaging with CSR and incorporating it within corporations can prove to be valuable for large and small companies. From a strategic point of view, CSR is considered a useful tool to improve a corporation's bottom line, reputation and attract valuable talent, thus furthering the CSR business case (Bhattacharya, Sen & Korschun, 2008; Raynard & Forstater, 2002). These aspects and more will be highlighted in this chapter, providing a theoretical background that encompasses the CSR debate and main theories addressed in the body of literature. Furthermore, the implications of CSR engagement for SMEs are explored.

2.1 Defining corporate social responsibility (CSR)

The idea that businesses have further responsibilities to society beyond that of purely making profits has been around for centuries, however it has never been as structured as during the past 50 years (Carroll & Shabana, 2010). The 1960s were marked by a quickly changing social environment and activism in fields such as consumers' rights and environmental movements. This increase of public pressure within society towards organizations has led to a substantial advancement of CSR throughout the 1960s and 1970s (Darrell & Schwartz, 1997). Businesses and institutions were expected to adopt CSR perspectives, attitudes, practices and policies because of changing societal values (Carroll & Shabana, 2010).

Formal definitions of CSR began to surface in the 1970s. However, throughout the years, there is still no consensus on one definition (Coppa & Sriramesh, 2012). The definitions generally fall into two schools of thought: those that stress the

economic obligation of companies to maximize profits within the boundaries of law and minimal ethical constraints (Friedman, 1970), in contrary to those who suggest a broader range of obligations towards society other than purely economic ones (Schwartz & Carroll, 2003; Carroll, 1991; Jenkins, 2009). Milton Friedman (1970) has famously argued that companies only have one social responsibility, and that is to maximize the profits of its owners and shareholders. He further discusses the position of social issues within a business setting, arguing that social issues should be resolved by the workings of the free market system, governments and legislations, rather than businesses. Therefore, according to his definition of corporate responsibilities, companies risk to dilute their primary purpose of maximizing profits when engaging with CSR (Friedman, 1970). Thus within this framework, CSR is only perceived as justified in case the objective is to achieve economic growth.

It can be said that the first category of definitions, which include Friedman's (1970) view, are centered on the shareholders, whose (economic) interests are represented by the company and its decisions in order to generate revenue. On the contrary, the second category deals with the larger pool of stakeholders that include various groups without whose support companies would cease to exist (Freeman, 1984). These stakeholders include not only internal groups such as employees and shareholders, but also external groups such as local communities, customers, and the government. Within the latter group of definitions, Archie Carroll is a widely cited scholar (1979; 1991). He claimed that "the social responsibilities of businesses encompass the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time" (Schwartz & Carroll, 2003, p. 503). Although widely used, this definition has been criticized by many. The main argument was directed towards the philanthropic element, which seemed to represent an elevated level of responsibility companies could pursue, rather than being a form of ethical responsibility (Schwartz and Carroll, 2003).

Dahlsrud (2008) has further segmented the definitions surrounding the term CSR. A division of definitions was made based on five dimensions; the environmental dimension, the social dimension, the economic dimension, the stakeholder dimension, and the voluntariness dimension. By using this framework, a profile of each definition and its elements was created. Dahlsrud's (2008) research showed that the most widely used CSR definition was issued by the European Commission

(2011). The definition reads;

“Corporate Social Responsibility (CSR) is defined 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”

(European Commission, 2011, p. 3)

This commonly used definition contains all five elements, as identified by Dahlsrud (2008) and provides a very universal understanding of the concept of CSR. For the purpose of this research, this will be accepted as the main definition of corporate social responsibility.

2.2 Instrumental, political, integrative, and ethical theories

Not only does the field of CSR present a portfolio of definitions, it also presents countless theories that have evolved over time. Garriga and Melé (2004) have attempted to map the territory by classifying the main CSR theories into four groups; instrumental theories, political theories, integrative theories, and ethical theories. In order to make sense of the large amount of CSR literature available, the theories that are relevant to this research will be categorized within the four groups as identified by Garriga and Melé (2004). These could be interpreted as the underlying motivations for companies while pursuing CSR.

Instrumental theories make up the first group of CSR theories. These particular theories assume that corporations are merely the means to an end. In other words, corporations are instruments for wealth creation, making that their only social responsibility (Garriga & Melé, 2004). Within these theories, CSR is perceived as a strategic tool to achieve economic objectives. This is in line with Friedman’s (1970) argument, addressing the main responsibility corporations have, which is the maximization of the profits of its owners and shareholders. Within these theories, philanthropic investments and CSR engagement in general are only considered justified in case they lead to wealth generation.

The second group of CSR theories emphasizes the connections between corporations and society and is referred to as political theories (Garriga & Melé, 2004). Davis (1960) stated that the more power a corporation possesses the more

responsibility it has towards society. In order to maintain their power, they are expected by society to act responsibly in order to maintain their position. The expectations set by society ensure a responsible use of social power. Therefore corporations must abide by society's expectations, or the power would shift to other players in case they fail to do so.

Furthermore, there is the belief that companies are dependent on society for their mere existence. These theories make up the third group, the integrative theories. In order for companies to gain prestige and legitimacy, businesses need to integrate social demands in such a way that the business operates in accordance to social values (Garriga & Melé, 2004). However, since social demands are very susceptible to circumstances and changes over time, each situation is dependent on the values of society at a given moment. It is through tactics such as issue management that companies try to be socially responsive to social demands by dealing with contemporary issues as they present themselves (Sethi, 1975). This theory addresses the public's expectations in regards to the company's actual performances and identifies the expectations gap. The process of identifying, evaluating and responding to social demands increases the chances of effective CSR and a minimization of surprises (Garriga & Melé, 2004).

The fourth and last category covers the ethical theories. At their foundation, these theories are concerned with the right thing to do to achieve a better society (Garriga & Melé, 2004). One theory related to ethics is the stakeholder theory (Freeman, 1984), which has also been seen as an integrative theory because it is a way to determine and integrate social demands by analyzing stakeholders (Garriga & Melé, 2004). However, it can be said that because the stakeholder theory is based on a normative core, they should rather be classified as an ethical theory which addresses the intrinsic values within organizations. Nonetheless, there is a strong level of overlap of this theory containing both integrative and ethical elements. Freeman (1984; 2010) identified stakeholders as those groups who have a claim (or stake) on the company. More precisely this includes customers, employees, stockholders and local communities. In addition, it is argued that in order to achieve effective social responsiveness, an intrinsic normative core of principles based on stakeholder demands is essential for the CSR activities of companies to be perceived as legitimate (Freeman, 2010).

2.3 The contemporary CSR debate

As organizations are increasingly being perceived as the cause of societal problems (Porter & Kramer, 2011), scholars have argued that CSR is being used as a generic response to stakeholder pressures as they present themselves, rather than an established strategy based on current societal issues combines with a company's strengths (Fisher et al., 2009; Lynch-Wood & Jenkins, 2009). An example of this is a code of conduct, which is often employed by companies as a way to divert stakeholder pressure. This approach, which could be classified as an integrative one, is criticized by scholars as being mainly public statements that do not portray a company's intrinsic values. Such an approach is expected to lead to an illegitimate view of CSR in the long run for the companies who employ it (Andersen & Skjoett-Larsen, 2009). In general, it seems as if CSR initiatives and implementations are still mostly directed by external factors, rather than by companies themselves. This prevents companies from taking a leadership role and portraying CSR as an intrinsic business motivation, because CSR is being implemented as an externally determined condition, rather than an internal strategy (Freeman, 2010; Garriga & Melé, 2004).

2.3.1 The CSR business case

Opponents and supporters have been addressing the business case of CSR. This refers to the arguments supporting CSR and why the business community should accept, implement, and advance CSR in their practices. In other words, what tangible benefits do businesses and communities get out of implementing CSR policies, activities, and practices (Carroll & Shabana, 2010). Opponents have addressed CSR as merely a form of corporate window dressing and public relations. The word 'greenwashing' has been used as a dismissive term, downplaying the concept simply as a façade and purely a cost rather than an valuable investment for companies (Holme, 2010). This perception of CSR as merely a responsive public relations strategy has resulted in an illegitimate view of the concept (Jenkins, 2009). Furthermore, in accordance with Milton Friedman's (1970) view on the social responsibilities of corporations, managers within businesses are still perceived to be oriented towards a profit maximizing view and operate according to it. Therefore it

has been stated that they are not equipped with the right expertise to make socially oriented decisions (Carroll & Shabana, 2010). This enforces the illegitimate view of CSR, since it is perceived as a forced strategy, rather than an intrinsic value of corporations and their employees.

Porter and Kramer (2011) also addressed the issue of the perceived illegitimacy of CSR by companies and the public. They propose the shared value companies can achieve as the key within this debate. Rather than creating value for society by merely addressing its needs and challenges, businesses must reconnect their economic success with social progress. This will require businesses and their leaders to develop a new understanding of corporate purpose, in a sense that it should not be merely be an instrument for the creation of profit, but also strive for the creation of shared societal values (Porter & Kramer, 2011). An internalization of this new view is essential to successfully implement CSR, which in turn will advance the business case of CSR.

Arguments in favor of the CSR business case typically begin by stating that it is in the business's long-term self-interest to be socially responsible. Businesses should strive to maintain a healthy climate in which they can function in the future, thus achieving a sustainable character and long-term viability (Carroll & Shabana, 2010). Holme (2010) stated that a competitive advantage is linked to CSR and gives companies an important incentive. Therefore, it is argued that CSR is more than a cost; it can be a source of opportunity, innovation and result in a competitive advantage for large MNCs and SMEs alike.

Scholars have specifically mentioned the role of CSR as a tool to attract and retain talent as a form of competitive advantage (Bhattacharya, Sen & Korschun, 2008). As there is a magnified focus on corporations and their work processes under the influence of new media, being socially responsible has become a lever for talent management (Bhattacharya, Sen & Korschun, 2008). This stems from the believe that CSR initiatives reveal the values of a company, which in turn can prove to be compatible with a large pool of potential employees. CSR can in addition, help humanize a company for its employees by depicting the company as a contributor to society rather than an entity only concerned with maximizing profits. This will eventually lead an increased level of loyalty and a strong emotional involvement

between the company and its employers (Bhattacharya, Sen & Korschun, 2008).

Another competitive advantage companies can achieve through CSR is an elevated level of autonomy. By incorporating CSR into the business model and strategy, companies can ward off government regulations. This is based on the idea that self-discipline in the form of CSR will fulfill society's expectations of businesses to such an extent that it can prevent government intervention (Carroll & Shabana, 2010).

An additional justification for the further implementation of CSR is the argument that a proactive perspective is better than a reactive one. Proactive in the form of anticipation, planning and initiating is more cost efficient than reacting to societal issues once they have already surfaced (Carroll & Shabana, 2010). By claiming a leadership role, companies will enjoy a more positive reputation amongst the public; since conventional wisdom tells us that an active stance speaks of intrinsic values and thus legitimizing the pursuit of CSR for companies. Thus it can be stated that, an ethical approach to CSR could prove to be more effective than an integrative or instrumental approach.

Nonetheless, although the business case of CSR has a lot of claims, there is still a lot of skepticism surrounding the pursuit of CSR by corporations. Carroll (1991) included an aspect in his definition of CSR that should tilt the debate in favor of CSR and render many of the traditional arguments against CSR obsolete. He states that the social responsibility of businesses should be seen in the light of the current *Zeitgeist*, and since over the last two decades there has been an increasing amount of public attention for the social role of companies within society, businesses should be responsive and address the issues at hand (Coppa & Sriramesh, 2012).

A conclusion to the CSR debate seems to be the management of external pressure and the further internalization of CSR issues as an intrinsic business value. As purely a responsive action to external pressure, CSR is increasingly being perceived and treated as a necessity, but at the same time, it is also regarded as illegitimate (Porter & Kramer, 2011). This is in line with the literature, where research has shown that the pursuit and improvement of CSR through an externally driven business case (EDBC) is proven to be counter productive (Lynch-Wood & Jenkins, 2009). In order for CSR to survive economic recessions and generate competitive

advantage for organizations, issues should be identified and integrated in core strategies, without being perceived as purely an externality (Jenkins, 2009; Lynch-Wood & Jenkins, 2009; Porter & Kramer, 2011; Raynard & Forstater, 2002). The definition and vision of the European Commission strengthens this notion, by incorporating a voluntary aspect within their definition of CSR (Dahlsrud, 2008). Sustainable development can thus be realized when firms willingly identify and integrate CSR concerns within their business operations, without fully depending on an externally driven business case (Lynch-Wood & Jenkins, 2009). Nonetheless, although the implementation based on an EDBC is counter productive according to the scholarship, many organizations (especially large corporations) still seem to base their CSR strategy on EDBC-based pressures.

3. CSR in small and medium enterprises (SMEs)

The term 'corporate social responsibility' is actually rather misleading in a sense that the word 'corporate' within the concept implies that it is related to large multinational corporations (Castka, Balzarova & Bamber, 2004). This is apparent in the scientific literature surrounding CSR, which shows a disproportionate amount of research that is focused on MNCs. However, as discussed before, CSR should be understood and applied in a much broader sense, regardless of the type and size of organizations. As is the case for large corporations, it has been stated that CSR could provide SMEs with a defining competitive advantage and give them the opportunity to enhance stakeholder relationships and increase customer and employee loyalty (Gelbmann, 2010).

Due to the increasing globalization, production processes of both large multinationals and SMEs are becoming more and more transnational (Raynard & Forstater, 2002). This makes the implementation of CSR even more relevant since Western companies are held responsible by society for their supply chain and are expected to prevent environmental pollution, human rights abuse, and exploitation within their international supply chain (Raynard & Forstater, 2002). This has led to SMEs becoming increasingly aware of CSR and now seek to implement and enact it (Ciliberti, Pontrandolfo & Scozzi, 2008). Research within this field is also highly necessary. First of all, this is relevant because SMEs constitute for 99% of the

European Union business landscape (Mendibil et al., 2007). Secondly, CSR practices in SMEs are significantly different from those developed for large companies, because of the specific characteristics that are associated with SME, such as its limited resources (Ciliberti, Pontrandolfo & Scozzi, 2008; European Commission, 2011).

3.1 Defining SMEs

Small-medium enterprises cumulatively account for more than 90% of all enterprises across the world and together they play a vital role within the economic and social environment, generating a huge source of employment and wealth creation (Fisher et al., 2009; Jenkins, 2009; Mendibil et al., 2007; Raynard & Forstater, 2002). Their size often varies from one or two employees to microenterprises up to 250 employees. For the majority, it is their size that defines them and the issues they face. (Gelbmann, 2010; Hammann, Habisch & Pechlaner, 2009; Murillo & Lozano, 2006). Overall, Dutch SMEs do not differ much from the European SME average. As elsewhere in Europe, 99% of the Dutch business landscape consists of SMEs, with firms employing less than 10 people being the most common (European Commission, 2012; MVO Nederland, 2014).

Although there is the risk of overgeneralization, SMEs are often regarded by scholars as very heterogeneous, with a defining characteristic being their size (Jenkins, 2009). Furthermore, SMEs are regarded as informal with little hierarchy or bureaucracy (Gelbmann, 2010; Murillo & Lozano, 2006). In general they are strongly representative of the values of their owner due to the common characteristic where ownership and control often lie with the same person (Fisher et al., 2009; Gelbmann, 2010; Hammann, Habisch & Pechlaner, 2009; Jenkins, 2009). This close connection between the entrepreneur and the company has a direct influence on the decisions made on the long and short term. In addition, SMEs often succeed in creating a more intimate professional relationship with their surroundings. This is mainly because of their small size and small distance between owners and stakeholders (Fisher et al., 2009). The relationships and dynamics SMEs maintain internally and externally has its own unique implications when adopting CSR.

3.2 CSR challenges and motivations among SMEs

As generally assumed by scholars, the externally driven business case (EDBC) is perceived as counter productive for SMEs. They are not exposed to the same external pressures as large firms, undermining a lot of the assumptions about the challenges of CSR (Lynch-Wood & Jenkins, 2009). SMEs are less responsive to institutional pressures, in the form of government agencies and public interest groups (Jenkins, 2009; Wood, Williamson & Jenkins, 2009). This could be explained by the fact that their corporate decisions do not receive as much media attention, in contrary to large corporations who are highly visible, and thus are more likely to be affected by EDBC-type pressures (Lynch-Wood & Jenkins, 2009). SMEs are much less present in the public eye and thus are much less vulnerable to external pressures (Lynch-Wood & Jenkins, 2009; Wood, Williamson & Jenkins, 2009). This indicates that there is a strong relationship between the level of visibility an organization receives and the strength of an EDBC (Lynch-Wood & Jenkins, 2009).

In addition, in contrary to the often rigid structures that exist within large MNCs, SMEs can be very responsive to changing market opportunities since their ownership and control often lies with one or several persons (Hammann, Habisch & Pechlaner, 2009). This means that they can rapidly make decisions and take advantage of new markets and services while incorporating CSR aspects within their strategy. However, their small size is both a blessing and a curse, although SMEs are quick to adapt to a changing environment, they often lack the financial and human resources to implement actual long term changes (Fisher et al., 2009; Hammann, Habisch & Pechlaner, 2009). Because SMEs are often overwhelmed by time, financial, and other resource restrictions, the concern is raised whether the competitive advantage gained by the implementation of CSR is attainable and feasible for SMEs (Santos, 2011). Many SMEs fear that they will not be able to meet the current CSR requirements without losing their competitive edge in the national, but especially international market due to the lack of resources (Morsing & Perrini, 2009; Raynard & Forstater, 2002).

Although it has been stated that SMEs do not experience the same kind of pressures as large MNCs, when taking into account the stakeholder theory, CSR is also on the agenda for SMEs because of an increased transnational focus.

Stakeholders expect and heavily pressure companies to counter the possible irresponsible practices that present themselves along their transnational supply chain (Amaeshi, Osuji & Nnodim, 2008). Thus it can be stated, that due to the increased level of globalization and the interest of stakeholders for the pursuit of CSR within transnational supply chains, SMEs should focus on the becoming more socially responsible on an international scale to gain a competitive advantage.

3.3 The pursuit of CSR on an international level

The process of globalization has brought companies countless opportunities and changed the context in which they operate. Organizations are now expanding their focus beyond sales and delivery locations and have started to manage CSR within their supply chain (Cruz, 2009). Both MNCs as well as SMEs with international aspirations and a transnational supply chain are increasingly experiencing external pressure when it comes to their business practices across the border. Conducting business in developing countries provides advantages such as low-cost resources and labor. On the other hand, it does come hand in hand with a high chance of irresponsible practices such as child labor, corruption and environmental malpractices. This puts firms with global aspirations at risk of reputational damage and an unsustainable supply chain in the long run (Amaeshi, Osuji & Nnodim, 2008).

Much of the pressure and attention on corporations is focused on the supply chain and magnified by our current digital multimedia technology (Andersen & Skjoett-Larsen, 2009). Through a continuous flow of information across borders, stories about irresponsible practices continue to emerge. In the case of large MNCs, attacks by pressure groups to improve business practices have proven to be successful (e.g. the case of Nike). However, although improvements have been achieved, these controversies have harmed corporate reputations nonetheless (Amaeshi, Osuji & Nnodim, 2008). Ironically, although external pressure is mostly focused on large companies, most of the firms along their supply chain are likely to be SMEs (Amaeshi, Osuji & Nnodim, 2008). Thus focusing the implementation of CSR practices within SMEs will inadvertently also impact MNCs.

Greening the supply chain of firms can save resources, reduce waste, improve productivity, and thus also lead to competitive advantage for firms (Andersen &

Skjoett-Larsen, 2009). However in order to achieve this, CSR should be embedded within the entire organization, including the headquarters, subsidiaries abroad and offshore supplies, instead of implementing yet another code of conduct to divert the attention (Andersen & Skjoett-Larsen, 2009). This is also where the small size of SMEs often creates problems. The adoption of CSR practices and the implementation along a transnational supply chain can be problematic because of the high costs involved (in terms of necessary resources and staff competence). Often monitoring is achieved through third parties such as non-government organizations (NGO's) or large MNCs (Andersen & Skjoett-Larsen, 2009; Ciliberti, Pontrandolfo & Scozzi, 2008), simply because SMEs do not have the capacity to carry out the control themselves.

As it is apparent from the literature, the concept of CSR is not as clear-cut as it sometimes seems to be. The business case of CSR has many aspects and can lead to competitive advantages for companies. However, there are many cases in which the concept is dismissed as a façade, which means that a proper implementation into core business processes is crucial in order for CSR to be successful in the long term. In the case of SMEs and their pursuit to implement the concept within their existing business processes, many face challenges that influence motivations and eventual enactments. This research focused on the Dutch SME landscape specifically, because of its almost non-existent status within the literature. It is important to first identify the current determinants of engagement amongst Dutch SMEs, in order to establish a tactic to further the development of CSR on a national scale. Thus this research aimed to shed light on an underexplored academic field within the CSR literature by employing a qualitative study to determine the current determinants of CSR amongst Dutch SMEs with an international supply chain.

4. Research design and methodology

4.1 Research question and sub questions

In order to research the current determinants of CSR engagement amongst Dutch SMEs, the yearly Thermometer survey issued by MVO Nederland was utilized as an extensive database to provide an overall view of the current sentiments amongst Dutch SMEs and to contact further participants for this follow-up study. Thermometer aims to map the level of international CSR (ICSR) awareness, enactment and future perspectives of Dutch SMEs in developing countries (as defined by the Dutch Ministry of Foreign Affairs). In total, 1.166 SMEs were approached in 2014 over the phone and participated in the survey, generating a vast database and general impression of the CSR landscape amongst SMEs in the Netherlands, and thus providing a solid anchor point for this research (MVO Nederland, 2014).

Thermometer's sample size was particularly dense in five sectors; the textile sector (n=86, 7.5% of total), the leather sector (n=57, 5% of total), the agriculture sector (n=102, 9% of total), the cleantech sector (n=208, 18% of total), and the maritime sector (n=71, 6% of total) (MVO Nederland, 2014). These five sectors are prominent departments within MVO Nederland, and were therefore surveyed more intensively within Thermometer. Amongst the five, the leather and textile industry operate with very similar target audiences and experience similar challenges related to international CSR, thus they are often considered by MVO Nederland as part of an overarching industry; fashion (n=144, 12% of total). Because of this reason, these two sectors will also be categorized as fashion within this research. Furthermore, since the maritime sector was installed as a focus sector at the start of 2014, there are not many reports available within MVO Nederland regarding the sector's background, in contrary to the other focus sectors which are intensively researched. In addition, the maritime sector was not implemented within the previous installment of Thermometer in 2013. Therefore, it has been decided to exclude this sector within this follow-up research. This leaves the research with three main focus sectors: the fashion sector, the agriculture sector, and the cleantech sector.

Overall, the fashion sector is considered extremely involved with developing countries (mostly Asian countries). On the other hand, the agriculture industry is

often involved with countries such as Ethiopia, Kenya and Colombia, whereas the cleantech industry mostly does business with Surinam, Indonesia, Vietnam and the Philippines (MVO Nederland, 2014).

However, although the survey provided an overview of the three main sectors, because of their different international focus and nature of their industries, each might have different determinants of engagement and challenges. For example, the fashion sector is highly visible compared to the other sectors. According to the literature, this would lead to a higher sense of EDBC-type pressures to initiate and advance CSR. An example would be the worldwide attention in light of the recent collapse of the Rana Plaza factory in Bangladesh on April 24, 2013 (Yardley, 2013). However, controversies such as these might also cause a shift in ethical standards of companies, causing an intrinsic shift in the pursuit of CSR engagement.

Since the three focus sectors function in different business environments, both nationally and internationally, this proposes the question what factors exactly play a role in determining CSR engagement amongst them. Defining these factors could provide a more in-depth view into the results of Thermometer and be of value to institutions such as MVO Nederland in advising companies in these industries and related companies who strive to implement CSR internationally. More specifically, this study takes an in-depth look at the perception of CSR, the main motivations and challenges, the implications of different business structures, and the actual enactment, all within the landscape of the three focus industries. The main research question is formulated as follows:

RQ: What are the determinants of corporate social responsibility engagement amongst Dutch small and medium enterprises operating in developing countries?

The following sub-questions aim to further segment the main research question;

SQ 1: How is corporate social responsibility perceived by the three focus sectors?

SQ 2: What are the main motivations and challenges in enacting corporate social responsibility internationally?

SQ 3: In what way is corporate social responsibility enacted by Dutch small and medium enterprises operating in developing countries?

SQ 4: How do differences in business patterns (e.g. direct or indirect presence) impact the motivation and enactment corporate social responsibility internationally?

SQ 1: How is corporate social responsibility perceived by the three focus sectors?

As the literature has shown, there is an over abundance of CSR definitions and theories with no particular consensus on one. The definition proposed by the European Union is widely used amongst scholars and accepted as a general understanding of CSR within this research. However, the understanding of CSR amongst SMEs might be different, and this perspective will eventually impact their enactment and motivations. Mapping the current general understanding of CSR within the three focus sectors could be of great value to organizations such as MVO Nederland and have further implications for communication channels and tools. This question will be explored from a micro to a macro level, starting with the individual companies and proceeding on to the sector and SME landscape.

SQ 2: What are the main motivations and challenges in enacting corporate social responsibility internationally?

Although a few general CSR motivations have been mentioned for both large corporations and SMEs in the literature, for the course of this research it is valuable to pinpoint a few of the main motivations and challenges of each sector when it comes to their CSR enactment. This will be a great addition to the Thermometer survey and the current body of literature that hardly addresses Dutch SMEs.

In order to understand the current motivations and challenges, it is essential to take the contemporary developments across the micro and macro levels of each sector into account. This will create an understanding of the environment the organizations function in and which might influence their perception and enactment of CSR. Therefore, the sector analysis reports of the three focus sectors issued by MVO Nederland were read before by the researcher before the interviews to create a general understanding.

SQ 3: In what way is corporate social responsibility enacted by Dutch small and medium enterprises operating in developing countries?

Providing practical examples throughout the three focus sectors will illustrate the actual enactment of international CSR. Patterns regarding the frequency of enactment and the intensity might be uncovered and can be used for educational purposes in the future.

In addition, the communication of CSR (both internally and externally) is addressed. This highlights the importance SMEs attribute to a sufficient communication of their CSR initiatives and success they have achieved.

SQ 4: How do differences in business patterns (e.g. direct or indirect presence) impact the motivation to enact corporate social responsibility internationally?

A direct connection is defined as having a trading partner, business concern, or agent in a developing country. Whereas with an indirect connection, SMEs are not sure which country they are involved with, often due to a non-transparent supply chain (MVO Nederland, 2014).

The first ever Thermometer survey (2013) highlighted a difference in the acceptance and pursuit of CSR within SMEs who have a direct connection to developing countries, compared to SMEs who have an indirect connection to developing countries. Companies who are directly involved with developing countries are expected to experience a stronger motivation to engage with CSR. On the contrary, it is expected that countries who are indirectly involved with less-developed countries will experience a lessened motivation to engage with CSR. This might be due to a non-transparent production process. This question will address the differences in motivation for each business pattern and whether it has implications for CSR implementations and in what ways.

4.2 Methodology

4.2.1 Choice of method

The main research question and complementary sub-questions were answered with a qualitative approach in the form of semi-structured interviews. Due to the limited literature available surrounding the enactment of CSR by Dutch SMEs, the nature of this research is exploratory, as it addresses an underexplored space within the body

of CSR literature concerning Dutch SMEs (Babbie, 2008). Furthermore, this research was conducted in collaboration with MVO Nederland and aimed to provide a better understanding of the motivations and challenges Dutch SMEs face when engaging with CSR in an international context. The annual Thermometer survey provided a solid foundation with its extensive quantitative data gathered from 1.166 Dutch SMEs (MVO Nederland, 2014).

The Thermometer survey covers a few main topics;

1. General company information (e.g. industry, amount of employees)
2. General company setting (e.g. 'What are the three most important market developments in your industry?')
3. Developing countries (e.g. 'Are you doing business with developing countries?')
4. Direct business pattern with developing country (e.g. 'With which developing countries are you directly doing business?')
5. Indirect business pattern with developing country (e.g. 'Are you familiar with the country of origin of your products?')
6. Future market perspective (e.g. 'Do you expect more involvement with developing countries within your industry in the future?')
7. Corporate social responsibility (e.g. 'Have you ever heard of the OECD guidelines?', 'What do you think CSR entails?')

(MVO Nederland, 2014)

Thermometer was conducted by an external agency (Conclusr Research) employed by MVO Nederland. However, there was the possibility to propose new questions and improvements to the survey. Thus, an additional question was added to this year's Thermometer survey at the request of the researcher, inviting its participants for this follow-up study. By conducting in-depth semi-structured interviews with a sample of the Thermometer participants, the extensive quantitative data of Thermometer was enriched with the qualitative data of this follow-up research. Moreover, participants were able to illustrate their answers with real life examples, which highlighted challenges and motivations that are specifically relevant

to their company and sector.

In addition to the in-depth interviews, the website of the participants was analyzed to determine their external CSR communication. In combination with the data provided by Thermometer concerning the participating companies, participant profiles were composed in order to gain an initial insight.

4.2.2 Semi-structured interviews

As mentioned before, this follow-up study employed semi-structured interviews to gather qualitative data to complement and elaborate on the results of Thermometer. The survey mostly offered the participants questions with fixed answers. This meant that companies were only able to indicate their motivations, challenges and decisions through pre-determined and often close-ended responses. Therefore these follow-up semi-structured interviews were employed to allow survey respondents an opportunity to elaborate on their perspectives and illustrate their answers with real life examples. The interview guide was prepared in both English (appendix C) and Dutch (appendix D), so that participants could indicate a preferred language. The semi-structured interviews and its questions were based on the themes covered by the Thermometer survey, combined with the research questions and goals of this study. Within every section, a few questions were underlined in the interview protocol to indicate their prominence. A short overview of the main themes and core questions:

1. Introduction

Introducing this study and its goals. Furthermore, the participant is asked to address his/her role in the company.

2. CSR perception

Determining the current perception of CSR amongst the participants and how this view has formed itself. Questions include: “How do you see CSR?” and “Has any recent event changed your view of CSR?”

3. Motivations and challenges

Inquiring about the motives for both international and national CSR, and the challenges that the companies have faced while incorporating CSR initiatives. Questions include: “Why do you think companies have a social responsibility

to society?”, “What are your main reasons to strive for CSR internationally?” and “What do you perceive as the main challenges of CSR in an international context?”

4. Enactment of CSR

Throughout the interview, the participant will be encouraged to provide practical examples, this topic aims to redefine their efforts and to further them in detail. Questions include: “In what ways have you implemented CSR within your company (either nationally or internationally)?” and “How do you communicate your CSR related issues?”

5. Conclusion

These questions will conclude the interview and are focused on the future perspective of the participant in terms of the company’s CSR aspirations. Questions include: “Where do you hope to be in terms of (I)CSR implementation in the about 5 years?” and “What or who is your inspiration?”.

There has been a specific reason why semi-structured interviews were chosen for this follow-up study. Semi-structured interviews are fundamentally different from structured interviews, in a sense that they do not have a rigorous set of questions. Although semi-structured interviews are conducted with a framework of themes and questions, they still allow participants a lot of freedom to elaborate on their answers. This in turn, allows researchers to somewhat adjust the questions, based on the answers given by the participants (Schmidt, 2004). Thus, with a vast amount of quantitative data generated by Thermometer, the semi-structured interviews provided an in-depth view of a sample of participants, while still taking into account the main themes that emerged from the literature and Thermometer. Later on, the semi-structure of the interviews proved essential for a structured analysis and comparison of the companies across the sectors, since core questions and main themes were continuously addressed, while still allowing participants the freedom to elaborate on themes that they perceived as more important.

4.2.3 Data gathering

“Always be suspicious of data collection that goes according to plan”

Halcolm (as cited in Patton, 2002, p. 207)

The entire data gathering was done in collaboration with MVO Nederland. The participants consisted of people with managerial positions within Dutch SMEs across the three focus sectors who took the Thermometer survey. The interviews were carried out between the 10th of April 2014 and the 26th of May 2014. One of the first steps in determining the participants was to gather contact information. As mentioned before, an additional question was added to this year's Thermometer survey, inviting its participants for this follow-up study. After receiving their consent to participate, their contact information was gathered and passed on to the researcher.

Afterwards, companies were selected based on their identification with one of the three specific focus sectors, and their activity in developing countries. A conscious decision was made to choose SMEs who are already directly or indirectly active in developing countries. This decision was made because they have practical experience with the main challenges and motivations concerning international CSR, in contrary to SMEs who are not active internationally in any way yet. Thermometer's results showed that 18% of its participants were internationally active, out of which 8% had a direct trade relationship, and 12% had an indirect trade relationship. Some companies had both an indirect and direct trade relationship, adding up to a percentage that is slightly higher (20%) than the reported 18%. This was the pool from which the participants were drawn.

The relevant companies, so those who were part of one of the three focus sectors, internationally active in some way, and willing to participate, were initially contacted by email to request a face-to-face or telephonic interview. The interview would then be conducted depending on the preference of the participants. Before each face-to-face interview, participants were informed about their rights and asked to sign a consent form in either English (appendix A) or Dutch (Appendix B). In case the interview was conducted over the phone, participants were informed of their rights and asked to orally give consent to being recorded and participate in this research. All participants were made aware of the fact that their participation was completely anonymous and voluntary. All companies gave their consent and had no problems with being recorded. However, none of the companies gave consent to being identified in this research.

The initial pool of possible participants who matched the criteria consisted of 20 companies. There were a few challenges in this stage of the data gathering. The initial challenge was to convince the relevant companies to participate in this research, since many felt that they had already put in enough effort by participating in the Thermometer survey. Reminding them of their consent to take part in this follow-up study often proved to be effective. In the end, 12 companies followed through on their consent to participate, 6 in the cleantech industry, 4 in the fashion industry, and 2 in the agriculture industry. It should be noted that it was significantly easier to gather participants within the cleantech sector, compared to the fashion and agriculture sector. Although the division of relevant companies was rather equal, in the end, there was a disproportional amount of interest to participate in the cleantech sector.

Another challenge emerged when planning an actual company visit. Initially, a face-to-face interview was the preferred setting, since non-verbal cues could have been observed as well. Creswell (2013) also notes that qualitative research often takes place in the natural setting (home or an office) of the participants involved. However, this proved to be rather complicated for many of the participants, since a company visit was deemed too time consuming. Therefore, 3 out of the 12 interviews were conducted during a company visit that lasted an average of 45 minutes. The rest of the participants opted for a conference call that lasted an average of 30 minutes. This accumulated to 405 minutes of interview data for the transcriptions.

Furthermore, all the interviews were conducted in Dutch, although it was made clear to participants that they had the choice between English and Dutch. All of them preferred Dutch since it was their native language and they felt that they could express themselves more accurately. For the analysis, this meant that the original transcripts from the audio recordings were typed out in Dutch, after which the relevant sections of the interview were translated into English in order to be included in the research as quotes. The researcher's proficiency in Dutch facilitated the data gathering and analysis process and was a precondition for the collaboration with MVO Nederland.

4.2.3 Steps to inductive thematic analysis

There are many ways and methods when it comes to analyzing qualitative data. For this research, the first step was to organize all the data and transcribe the interviews. This involved transcribing the recorded interviews and typing out any notes that were made by the researcher during the interviews about the participant or about the company (Creswell, 2013). The interviews were transcribed as verbatim transcriptions (Patton, 2002). This entails that nothing was changed about the participant's language, grammar, or intervals (laughter, silence, and such). Braun and Clark (2006) state that by transcribing the interviews, the researcher experiences an initial familiarization with the data. The interviews and additional notes accumulated to 90 pages of transcripts. In order to distinguish the participants from one another and to conceal their identities, codes were given as a form of identification. For example, the first participant from the cleantech sector was coded as CT1, the second as CT2, etc. The participants in the fashion sector were F1, F2, etc. And the participants in the agriculture sector were referred to as A1, A2, etc.

Another addition to the data was the participant profiles. Before each interview, the company website of each participating organization was analyzed to determine the level of CSR communication that was displayed (or not). To this, the information from Thermometer about the company size and direct or indirect trade was added. This was then accumulated in participant profiles (appendix E) to form an initial impression of the participants.

With the dataset complete, an inductive thematic analysis was employed for the actual analysis. Braun and Clark (2006) explain thematic analysis as a method for identifying, analyzing, and reporting patterns or themes within data. This form of qualitative data analysis focuses on identifying themes and patterns across the data and can take on two forms: inductive or deductive (Braun & Clark, 2006; Patton, 2002). In this case, an inductive approach was employed. This form of thematic analysis involves discovering patterns, themes, and categories that emerge from the data (Patton, 2002). Thematic analysis, whether inductive or deductive, fundamentally differs from other forms of qualitative analytic methods, such as grounded theory or discourse analysis, in a sense that it is not strictly theoretically bounded (Braun & Clark, 2006). Although widely used, there is no clear agreement

on how to conduct a thematic analysis (Patton, 2002). Therefore, the systematic steps, as is characteristic of grounded theory, will be used in order to carry out the inductive thematic analysis. This strategy is composed as follows:

Open coding: The process through which concepts are identified and their dimensions are discovered in the data. The data for this research was coded manually, interesting parts were highlighted and codes were added in the margins.

Axial coding: The process of relating categories to their subcategories, linking categories into overarching themes. For this research, the sub-research questions will be the guideline for this step and provide numerous themes. Each main category was given its own color, and the complimenting data extracts were given the same color, composing a concise overview of the data according to the overarching themes.

Selective coding: Finding patterns amongst the categories and creating hypothesis about the relationship between concepts.

(Creswell, 2013; Patton, 2002)

The results of this analysis were pooled together in a coding scheme per sub-research question and the related themes that emerged. This will be the foundation of the eventual write-up of the results and discussion.

5. Results

After composing the coding schemes, an analysis was made of the main themes, related concepts, and their mutual relations. This was done according to the four sub-question that were composed for this research. Many recurring themes emerged from the data with rich illustrations provided by the participants. The themes will be addressed from a micro to a macro level for each category. This will provide a consistent line in the data formulation. In addition, the results from Thermometer (MVO Nederland, 2014) for the three focus sectors will be taken into account where possible and act as a complimentary element to the data extracts.

Furthermore, the decision was made to integrate the fourth sub-research question “how do differences in business patterns (e.g. direct or indirect presence) impact the motivation and enactment corporate social responsibility internationally?” throughout the analysis, meaning that there was a clear distinction made between companies with a direct trade and companies with an indirect trade. In the coding scheme the countries with a direct trade are highlighted with green (direct export) or yellow (direct import). The countries with an indirect trade are not highlighted, creating a visual distinction throughout the data while analyzing the other three research questions. The results for the fourth question will then be discussed later on as an overarching theme.

5.1 Main categories describing the perception of CSR

Table 1 provides an overview of the major concepts and themes that emerged from the interviews regarding participant’s CSR perception. The main concepts range from a micro to a macro level, with the micro level being the personal beliefs of the respondent and his/her company. Consequently, the concepts evolve into a more macro level, addressing the perceived role of CSR within industries, SMEs, MNCs, and in an international context. Furthermore, this perception is carried on when the participants were asked about their future CSR aspirations, which gave a clear indication of either their optimism or pessimism.

Table 1. Major categories and associated concepts SQ1.

Major categories	Associated concepts
Perception of CSR	<i>Personal perception</i> <i>Most important CSR aspect</i> <i>CSR within the company</i> <i>CSR within the sector</i> <i>CSR within SMEs</i> <i>CSR within MNCs</i> <i>CSR within institutions</i>
Future perspective of CSR	<i>Aspirations</i> <i>Inspirations</i>
International CSR	<i>International activity</i> <i>Information gathering</i> <i>Supply chain transparency</i> <i>Supply chain relations</i>

5.1.1 Perception of CSR

All participants showed an understanding of the concept of CSR to a more or lesser extend when asked “how do you perceive CSR?” The majority (N=7) highlighted both the environmental and social aspects of CSR when asked about their definition. This was especially strong in the fashion and agriculture sectors, where almost all the participants (with the exception of one) stated both the people and the planet side of CSR in their answer:

Corporate social responsibility, that can be on several levels. It may be focused on energy and everything related to it. But it can also be directed at a social level, with respect to the hiring of a particular kind of staff. I think those are the levels of our CSR policy. (F3)

Only 2 participants, who were both from the cleantech sector, mentioned the need for profit in their initial definition of CSR, whereas another 2 also mentioned taking stakeholders into account. Many did not have a main focus within the concept of CSR, only 3 clearly indicated that they are focused on the social aspects. CT5 for example stated that “we really focus on the social aspect of CSR, because we believe that that is where we can actually mean something.”

An initial observation from the Thermometer results directly coincides with the answers given by the participants of this study. According to Thermometer, SMEs

often regard their own CSR behavior as more advanced and better than the efforts of other companies (see figure 4). This also clearly showed in the interviews when the questions “how is CSR perceived within your company” was asked to 10 of the participants. Right after, the participants were asked about CSR within their sector. As was very prominent in their answers, the participants (8 out of 10) regarded CSR within their company as more “active” and “alive”, whereas all of the answers given regarding other companies within their industry, were either doubtful or negative. This was the case across the three sectors when addressing the efforts of others. Many participants answered along the lines of:

The themes, sustainability, or circular economy, it hardly plays a role. For most people, it comes down to making money and the trade. Especially the added value of doing something for the environment, to not use the primary raw material sources, because this comes with a lot of pollution, this is something a lot of people know, but it certainly doesn't plays a major role. (CT2)

However, when asked about “what makes your company’s CSR perspective so different from others?”, several participants answered very doubtfully, or could not answer the question; “that’s a good question...what do we do better than another company...I can’t really say.” (F1). This shows a discrepancy between the perception of CSR within the companies themselves, as compared to external players. So although participants view their own company as more actively engaged with CSR, they cannot quite pinpoint what makes them so different from others.

Another example of this perceived difference of CSR legitimacy was the perception of CSR within MNCs compared to CSR within SMEs. Participant CT1 clearly stated that he did not believe that MNCs were truthfully pursuing CSR, condemning their efforts as merely PR missions. This was very apparent in the following quote:

In the presentations of large corporations, they always mention ‘sustainability’ fifteen times. I’d like to say the same, but then I’m really talking about sustainability! (CT1)

He believed that the bottom line of MNCs has and always will be the creation of a positive corporate image and the generation of revenue through concepts such as

CSR. In addition, he drew parallels between large MNCs and the Dutch government, voicing a very pessimistic opinion of both:

The government is similar to large corporations, they always proclaim that everything is fantastic. But if you take a good look, it's not really anything. (CT1)

However, not everyone was as negative regarding the efforts of large MNCs. Two others (both from the fashion sector) also had a clear opinion about MNCs in comparison to SMEs, stating that large MNCs will be the ones to make a difference when it comes to CSR because of their size and influence (F1, F4). For example, participant F4 stated that:

Although I do think that companies should always see whether they can add value, I do think that the bigger a company, the more value it can add. (F4)

5.1.2 Future perspective of CSR

The perception of CSR was further defined when all participants were asked about their future goals for CSR within their company and industry. The general consensus across the sectors was a positive one (N=10), with two participants voicing their hopes for a better economic situation, and thus more room for them to explore and advance CSR. An increased level of transparency was named three times as a future goal. The other five participants mainly wished to maintain their current level of CSR engagement or further advance them:

We hope to continue the process cycle of ISO 26000 in the future specifically. And we also hope to be CO2 neutral as a headquarters in the long run. (A2)

Although the majority of the answers showed optimism towards CSR to some extent, when asked about the advancement of CSR efforts, the answers were mostly based on externally driven business cases. Five participants indicated that there was the drive to maintain the level of CSR they have at this point, however they specifically mentioned that the advancement was dependent on external factors. This was especially prominent in the fashion industry where three out of the four participants were waiting for external factors to first arise before considering to advance CSR:

The factories we work with that are already controlled and continuously screened by ourselves and others, and also audited by others. As long as we know that there are

no issues or improvements needed, we're really satisfied with what we have achieved. But of course, when new rules arise and improvements are needed, that will be another challenge. (F1)

Furthermore, only 5 participants out of the total stated that they were in some way inspired by another company and their CSR implementation. Out of these 5, only 1 named a company in another country (trade partner). A very telling quote by one of the participants described his experience at another company and how it has impacted his current view on CSR:

I worked at another company. And they have been very busy with their CO2 footprint, they have managed to reach level 5. They are known for the fact that they give back a significant part of their profits to society, to restoring historic buildings or development aid abroad. Such things makes you think: could I maybe also be meaningful in the future? (CT3)

5.1.3 International risk assessment

Many participants voiced a very strong opinion related to their process of risk assessment that directly corresponded with their direct or indirect supply chain. Thus, before exploring the specific motivations and challenges of the participants, it is worthwhile to first address the international activity and risk assessment specifically.

Out of the participants, 6 out of 12 had a direct import or export relation with countries such as China, India, Turkey, and Portugal (CT1, CT2, F1, F4, A1, A2). China was the only country to be mentioned by all the participants as either their main country for import or export. The other 6 companies (CT3, CT4, CT5, CT6, F2, F3) were involved with indirect trade. It is interesting to note that several participants stated that they did not have an international supply chain when they were being briefed about the aim of this research. However, when they were asked about their suppliers, they quickly adapted their view and came to realize that they indeed had an indirect international supply chain. Only 3 out of the 6 companies with an indirect trade could identify specific countries where their suppliers were producing products. An example of the other three who could not specifically identify the exact origin:

We don't do any international purchasing ourselves, but we buy in via two regular suppliers. The products say made in China or something. So that's how I know.

(CT3)

Thermometer's results showed that a relative large number of the indirect entrepreneurs who were surveyed, do not know which countries the products originate from (MVO Nederland, 2014). This was also apparent in the follow-up interviews. In terms of information gathering, there also seemed to be a large difference in activity and assertiveness amongst the participants with an indirect or direct business model. Participants with a direct business model were better able to identify several official channels to gather information about the countries they were active in, and seemed to go to greater lengths for information. For example, participant CT2 stated that:

I sometimes look at Jongebedrijven.net [startercompany.net], they have some reports on their site about for example China. I sometimes check the OECD² guidelines, we use those to document things. (CT2)

Nonetheless, the amount of official channels that were consulted were very rarely mentioned. This is in line with the results from Thermometer, which highlighted that there is very little active research being conducted by entrepreneurs (2% of sample). In addition, Thermometer's results showed that only 1% of the respondents used official channels, such as governmental institutions or embassies, to gather information (MVO Nederland, 2014). Taking this into consideration, CT2 was definitely the exception, not the rule. The lack of information gathering amongst companies with an indirect supply chain could be attributed to the fact that both the participants from Thermometer and the ones from this research could not identify the countries where their products were being produced in the first place.

Overall, regarding the supply chain transparency, the companies with a direct trade relation also appeared to be a lot more thorough and assertive than the ones with an indirect trade relation. When asked about the CSR within an indirect supply chain, participants often reacted hesitantly, some stating that "the supplier tells us the circumstances are right" (CT4), which is echoed by participant F2: "We ask our

² <http://www.oecd.org/industry/smes/>

suppliers 'where did this come from', 'is this made under circumstances we would approve of', otherwise we are going to have to leave. We ask them for their advice". This indicates a higher dependence and trust on suppliers and relatively less control from the company itself.

It appears that participants with a direct trade relation indicated greater lengths they are willing to go to in order to gather information and maintain control over the labor circumstances in developing countries. Participant CT1 for example, pairs audits with personal company visits to report on the CSR implementation:

I've been there twice and every time I go visit the factories to see how they work. We are always welcome at the factories and we will also look at other factories. In the Netherlands, people are quick to mention child labor in factories if you mention you do business with China. But I haven't encountered it. Moreover, all the factories are certified. A German agency does an audit and is around the place for weeks. And then you just know what's going on. (CT1)

This forms an interesting contrast with the amount of visibility the participants in the fashion sector with a direct trade relation have indicated:

I once discussed visiting the factories, and when I indicated that I would like to visit other places in China as well, they [factory owners] told me that was not possible. I wanted to see what the circumstances were in other places, but it wasn't possible and that's just very difficult. You have do not really have the freedom to go anywhere they don't want you to go. But the places we can get to, at least we know it's good there. (F4)

This points to a difference in the transparency of CSR in general within different sectors. Even though they both were talking about the same country (China). Participant CT1 has mentioned that his particular sector is "very well regulated in China, unlike many other industries". Whereas participant F4 has experienced a significantly less transparent situation where they were not allowed to look beyond a predetermined area of the industry.

In addition, a thing worth noting is that in the fashion sector, three out of four participants strongly emphasized the relationship with direct producers and indirect suppliers as defining for the way they look at CSR on an international scale and the

way they go about enacting it. Overall, there was a consensus on the importance of an established and long relationship with either international production companies or suppliers, as F1 (direct) and F3 (indirect) illustrate:

We have a good relationship with our factories. And we are not, unlike other companies, those shoppers who, so to speak, switch to another factory every season for a dime less. We have an established and long-standing relationship with our workshops, which creates a friendly bond. You build a bond of trust with each other. And because you have been with them for so long, you can see things change. If you discuss things, and express wishes, you can keep track of the development because you have such an established relationship. (F1)

We do not go to the factories to see if it's true, but we know what kind of companies we work with. The directors are almost part of the family, so it wouldn't be smart if they do not cooperate well. It is also a matter of trust. (F3)

Altogether, all participants with a direct trade relation felt that they had a clear sight on their supply chain, whereas there seemed to be quite some doubt amongst the ones with an indirect chain. And there was a significant emphasis on long and established relationship with producers and suppliers within the fashion sector.

5.2 Main categories describing motivations and challenges

Table 2 provides an overview of the major concepts and themes that emerged from the interviews regarding the major motivations and challenges the participants have faced when pursuing CSR on either a national or international level. The main concepts range from a micro to a macro level, with the micro level being the personal, or idealistic motivations of the participants in contrast to their opportunistic motivations. The concepts then continue on to the motivations derived from current industry wide developments and the effects of international trade.

As for the challenges, the main concepts also first address a micro level; the company's own specific challenges and the challenges it encounters through its stakeholders. The macro level in this case expands to the challenges when faced with international trade and the challenges within an international supply chain.

Table 2. Major categories and associated concepts SQ2.

Major categories	Associated concepts
Motivations	<i>Idealistic motivations</i> <i>Opportunistic motivations</i> <i>External pressure</i> <i>Influence of the media</i> <i>Influence of international activity</i>
Challenges	<i>Company challenges</i> <i>Stakeholder challenges</i> <i>Institutional challenges</i> <i>Supply chain challenges</i>

5.2.1 Motivations

The motivation concepts that emerged from the data showed a clear difference between idealistic motivations and opportunistic motivations. Participants across the three sectors voiced very clear opinions regarding the intrinsic motivations of companies to pursue CSR, which was also apparent in Thermometer (figure 3). These were grouped together as idealistic motivations. One participant highlighted the voluntary aspect of CSR, saying that: “So we hope that this is not forced, but that entrepreneurs themselves are really willing to take this step, because that's really CSR, sustainable entrepreneurship” (F4). This was further echoed by a majority of the participants and there seemed to be a consensus across the focus sectors regarding the importance of an intrinsic pursuit of CSR:

I think you really have to want it before CSR can really succeed. Then your organization will be able to do something because of its own intrinsic values, instead of getting it imposed by governments or something. But whether it is very feasible, that's another questions. (CT5)

An emphasis was placed on the voluntary implementation of CSR, proclaiming this to be a showcase of legitimacy, however this was presented by several participants, including the abovementioned, with a hint of doubt. In addition, another participant stated that “for the majority of our customers, it is not an intrinsic motivation. But for our company it is” (CT1), enforcing the intrinsic motivation behind CSR for its own company, but negative reflecting on the motivations of others. This is in line with the overall perception of CSR in the previous section.

The economic crisis was also mentioned by two participants as an enforcing aspect behind their sense of responsibility. Company CT1 for example believed that “especially in times of unemployment, companies have a large social function” (CT1). And another participant stated that “I see a lot of my colleagues who start saving up, I’m not like that” (CT4), indicating that although participant CT4 has experienced the effects of the crisis, he strives to maintain his level of CSR and act on his responsibilities towards society.

Another aspect that was mentioned amongst participants with an indirect supply chain was an intrinsic motivation to pursue CSR without the pressure from consumers and/or other customers. The companies emphasized their willingness to engage with CSR despite the lack of interest from external stakeholders:

You should take social responsibility, which is the most important. Because we have no demand from the market to do this, so the turnover is not an issue. I just think that you have a responsibility as a company. (CT6)

No not really, there is not much interest in that matter, but we we’d rather pay a little more for a product with good quality and of which we know the origin, then have that’s debatable. (F3)

The companies with a direct trade relationship stated similar opinions regarding their idealistic CSR motivations, however there seemed to be a difference in the intensity towards concise action. Participant A2 for example highlighted its direct responsibility as a food-producer:

Our position is particularly important because we make basic food products. Therefore, we find that we carry a strong responsibility and we should act like it. This was also the reason why we visit all our buyers, suppliers, and outlets regularly. (A2)

Also in the cleantech sector, where consumer goods are not being produced, there seemed to be a strong idealistic motivation in terms of direct trade business models:

It’s more of an intrinsic motivation. No one cares about what’s happening in China, but we do so because we believe it’s important ourselves. (CT2)

However, although every participant has voiced idealistic motivations to a more or lesser extend, an equal amount of opportunistic motivations were addressed as the

drive behind CSR. Often the participants addressed an opportunistic motivation as an underlying addition to their intrinsic motivation, such as CT1 who focuses on employing job applicants who have a disadvantage on the labor market;

It might even be the case that someone with an immigrant background is preferred because he has less opportunities on the job market. And thus he will be very happy with us employing him. And then he will probably be more loyal to us. (CT1)

This was also the case for a majority of the companies in the fashion industry, who often first stated their intrinsic motivations, directly followed by opportunistic motivations:

I believe that in about 5 or 6 years, we have a shortage of staff. But because I've already invested in CSR, I hope that employees will stay with me, and that we will maintain a nice group. (CT4)

So although participant did note social CSR as a very important intrinsic motivation within his company, the fact that he mentioned the long term benefits of engaging with social CSR speaks volumes of the underlying opportunistic motivations.

Another form of opportunistic motivations is presented when we look at the external motivations provided by stakeholders. This element was especially present within the companies who had indirect trade. In the cleantech sector, all the 4 participants who were asked about the amount of interest towards CSR from their clients stated that there either was no interest at all, or there was only an interest from government institutions:

You see that customers like the Rijkswaterstaat, or other local government institutions, they have all sorts of sustainability goals and that is translated as customer's requirements to their suppliers. So from that angle, you also get more and more indicators that something must be done. (CT5)

This was the case for both companies with a direct and indirect trade. On the contrary, the fashion sector displayed a mix of external motivation from consumers and government institutions. F3 noted that “it is an advantage that government organizations look at these kinds of issues a lot”, whereas F2 clearly indicated a growing interest amongst its consumers: “We notice, at least once a week, that a

variety of customers inquires about these kind of issues. The value of it keeps increasing”.

Another addition to the range of motivations that the SMEs have encountered recently, is the influence of the media. The motivations of the participants from the agriculture sector did not seem to be affected at all the media, whereas in the cleantech and fashion sector there were a few mentions. Participant F1 stated that “your opinion is formed by everything you’re involved in. That could be the media, the things you read, and the conversations you have with other companies”. Nonetheless, the overall impression from the data implies that the media was not taken into account very strongly by the participants.

In addition, having either an indirect or direct international trade relationship seems to be especially significant in terms of increasing the motivation. Participant F4 currently has a direct trade relationship, whereas ten years ago this was an indirect one. He stated that:

I've worked here for 15 years, and we were already active back then. However, it has really intensified over the last 10 years, yes. Before that it was actually an agent who was in between. So we weren't that involved ourselves. (F4)

This also seems to be the case for the participants who currently have an indirect international relationship, but do see the effects of a direct trade relationship on other companies:

Then you'll start thinking yourself. You see how others think about it and that way you get into it. Then you will get the urge to also implement it, because it has commercial merit, of course. You think that “if we have that well regulated, then maybe we can attract some customers”. (F1)

This displays a shift in awareness and consequently, an increase in motivation to pursue CSR on an international level.

5.2.2 Challenges

The participants were asked whenever possible about the challenges they faced throughout the interviews. First of all, almost all the participants from the cleantech

sector (n=5) indicated a shortage of money due to the economic crisis as the main challenge their company was facing at the moment with regards to CSR:

We have actually seen growth for years, until about 2010. That's when the crisis hit us, and so we had a reorganization of the company to stay alive. It was unfortunate and it does pressure the current developments of the company. But before, it was a growing organization where there was constant space for things like CSR at all levels. (CT5)

One participant in the fashion sector also expressed frustration over the effects of the economic crisis:

Businesses struggle to stay alive. Everything is too expensive, nice things for the staff and so on, thus the temptation to take unethical decisions increases. That's true. (F4)

Participant F4 seemed to address the justification of unethical decisions of companies who are dealing with harsh economic circumstances, furthering the challenges faced by SMEs in terms of finances. Other factors that were mentioned were the lack of time, or as participant CT6 stated “CSR unfortunately costs a lot of time and money”. The factors of time and money mainly sum up the internal challenges that participants have addressed throughout the interviews.

Another challenge that emerged from the data was the unwillingness of stakeholders to either pay more for products with a responsible supply chain, as was the case for participant F2, who stated that “suppose it costs a bit more, then they just need to accept that. Somewhere someone is going to increase the price”. And the lack of interest amongst consumers, as participant CT3 illustrated:

I notice that in my immediate environment, customers often do not care where something comes from. They call today and it should be resolved tomorrow. These [CSR] are things that you can bring to the customers' attention, but that doesn't mean they will be interested. (CT3)

In the case of CT5, who does business with other companies, the lack of interest for CSR stems according to him from purely economic reasons:

Every time you propose such options, clients have no money. And this is the first

thing to die in the negotiations. So you see that this is very difficult to achieve in reality. I find that the whole CSR story really clashes with the unspoken but all existing situation at the moment, it is still all about money. (CT5)

Although very pessimistic, the frustration was aimed at external stakeholders, not towards the efforts of the company itself.

The economic draw back and the following consequences for SMEs are, according to two participants from the cleantech sector, strongly influenced by the Dutch government. CT1 states that “the national government argues that companies should really implement corporate social responsibility. And we want that too, but the reward and appreciation that you get is really dramatic”. This is echoed by CT4, who stated that:

SMEs are currently hit the hardest by the crisis, and they actually get the least support from the government. I think that's a very serious matter. This has already been send to The Hague, but despite assurances that something will be done, unfortunately the people in The Hague are so slow that the damage is already done. Then you notice that the companies in the Randstad have much more influence than we have here in Twente. (CT4)

In addition to the challenges faced on a national level, the limited resources also had a major effect on the motivation to pursue CSR on an international scale. Most of the respondents (6 out of 8) who specifically addressed challenges within their supply chain had a direct relationship with developing countries. A major issue was the implementation of certificates, which was especially apparent in the fashion sector:

The problem is that there are hundreds of labels you can think of. You look for organic cotton, there are hundreds of labels worldwide. One country says "I want you to get OEKO-TEX³", the other would prefer a BSCI label⁴, another calls for something else. And eventually you might think, but we all want the same thing, to have everything in well organized. Why should there be so many different labels with each

³ OEKO-TEX aims to independently test for harmful substances in textile products according to the OEKO-TEX Standard 100 (<https://www.oeko-tex.com/en/manufacturers/manufacturers.xhtml>)

⁴ The Business Social Compliance Initiative (BSCI) works to improve workers' labor conditions and is an initiative of the Foreign Trade Association (FTA)

their own costs. I think that's a disadvantage of such things, you have one, you will the demand for something else you do not have. (F1)

This opinion was enforced by participant F3, who was involved with indirect trade, but managed to obtain a certificate: “The achievement is one thing, holding on to it is a second. We have been reasonably successful for the past four years. But it remains difficult. There are just a lot of procedures we have to complete in order to prove that we are actually doing a good job”. This indicates that the intensive procedure that companies have to go through to obtain and maintain certificates is sometimes a challenge for smaller companies.

Participants with an indirect supply chain mentioned the lack of compliance by their clients as the main challenge when looking at CSR within their supply chain:

We are a very small company and we deal with big hectic [large amount of daily tasks]. I have materials that I order today and which I need tomorrow. And customers often do not give us the liberty to dig deeper into our materials to see where it comes from. That's why I don't ask the supplier where it comes from or how it is produced. (CT3)

This challenge mentioned by CT3 can yet again be drawn back to the lack of resources SMEs are dealing with, in this case in terms of employees.

5.3 Main categories describing the enactment of CSR

Table 3 shows the major concepts and themes that emerged from the interviews regarding the ways CSR is enacted on both micro and macro levels. The communication of CSR was the main category that emerged when participants were asked about the internal enactment of CSR and how employees were motivated to engage with the concept. This is then followed by the enactment of CSR in general.

The macro level of this section contains the direct and indirect enactments of CSR within the supply chains of the companies. The results from Thermometer (figure 1) coincided with the results in this section.

Table 3. Major categories and associated concepts SQ3.

Major categories	Associated concepts
Communication of CSR	<i>External Communication</i> <i>Internal communication</i>
Enactment of CSR	<i>Social enactment</i> <i>Environmental enactment</i> <i>Indirect international enactment</i> <i>Direct international enactment</i>

5.3.1 Communication of CSR

An initial observation made when looking at the data regarding the internal communication, there was very little activity amongst the participants. This was the case across all sectors. There was one company, A2, who communicated the CSR activities of the company to its employees through a newsletter, this company was the exception, not the rule. Another participant, F1, mentioned the lack of CSR communication as very prominent within this company:

Other colleagues who do have to deal with it, such as the financial manager, don't get updates. There are only a few people who are involved in manufacturing and possibly CSR and yes ... I think we'll stick to that. (F1)

The lack of internal communication is in stark contrast with the external communication. 7 out of the 12 participants have a separate section on their corporate website that lists their CSR perspectives, objectives, and in some cases, received certifications and labels. The reason why the external communication is so much more developed than the internal communication was very accurately addressed by participant F1:

I think that it is important because on the one hand it can lead to a competitive advantage because people think of you as a good company. A slogan that you hear a lot is 'be good and tell it', you can do well, but if you do not advertise, you won't get anything back from it. It might be fun for you, but it will not yield anything. In that respect, I think it is important to also announce it. (F1)

This was reinforced by participant CT4, who stated that “for an entrepreneur it is a bit of a must to show whether they are doing it, yes or no”, and several others who saw a competitive advantage in the external communication of CSR.

Five participants expressed a desire to further develop their external communication. Whereas another participant expressed the complete opposite, claiming that:

We will not put it on our website. We have talked about it. We have done something in Moldova, offered some help, but we have chosen not to put on the website. This is more so because we believe that it is normal that you do and you shouldn't show it off. (F4)

CT2 has also expressed the same opinion concerning CSR through charity, stating that “if we do some donations, we won't communicate those kinda things” (CT2).

5.3.2 CSR performance

Three companies in the cleantech sector, two in the fashion sector, and both companies in the agriculture sector discussed their social enactment of CSR thoroughly during the interview. The initial mention of the initiatives they are involved with, such as the EVC project (CT4) or Investment in People (CT5) all involved the social enactment of CSR on a national level. Often the enactment of national social CSR occurs within their companies or communities, such as F2, who contributes to sporting events in its community.

The environmental enactment ranged from setting up own recycling initiatives (CT1), to the development of a sustainable office building (A1). Although the participants have expressed concern about environmental issues throughout the interviews, the actual implementation of measures only occurred within 5 companies.

The companies with an indirect supply chain emphasized their sustainable purchasing as one of the main enactments of CSR, however they seemed to be rather trusting of suppliers, such as CT5:

I trust the information they give me. I may be a bit gullible, I think there are labels attached to it. But maybe next time I need to be more critical [laughs]. (CT5)

Whereas others were very adamant on the legitimacy of their suppliers such as F3:

We have always been a member of Fair Wear. And we also require our suppliers to become members, if they don't want to, we'll go somewhere else. (F3)

However, from all the companies with an indirect trade who participated in this research, F3 was the only one who implemented its CSR philosophy in their indirect supply chain.

It is interesting to note that, participant F1, who identified himself as a company with a direct import, however the measures it used to enact CSR within its supply chain were indirect. They stated that they mainly rely on other companies who were using the same factories to carry out audits. Nonetheless, F1 also showed additional direct enactment of social CSR within their supply chain by visiting their factories personally.

The two participants in the cleantech sector who had a direct trade relationship were very clear in the description of their CSR measures. Several certifications were mentioned, such as ISO 102001 (CT2) and an export license (CT1). As CT1 also indicated, the engagement with CSR on an international level was essential for business to be made possible in the first place:

We need it, otherwise we can not export anything. We must ensure that there is an audit has taken place within six months. (CT1)

Participant CT2 also focused on social CSR within their direct supply chain, by adapting the Human Rights Check list in their operations. Both companies have indicated that they pair their efforts with personal visits.

The two companies in the fashion sector were less certain of their direct CSR enactments, none of them named any concise regulations they had in place.

We have fixed factories there that make our products, but also manufacture for others. So they are independent entities. We do go visit, so we can see what the circumstances are. (F4)

Thus the focus within the fashion companies was based on rather irregular forms of direct international CSR engagement. F1 has stated that one of the advantages its company has, is the fact that they have “selected the factories on quality, but also in terms of communication and a Western mentality, experience tells us that these factories are often more engaged with these kinds of issues and more willing to take steps”.

The direct enactment in the agriculture sector was very much synchronized amongst the two participants. Participant A1 has indicated a very strong international CSR regulation, stating that “about 40% of our import is social certificated” (A1), in addition to being a part of the IDH (international sustainable trade organization). Control is executed by the company through audits, performed by an organization called Fair for Life. A1 has stated that they feel “secure about the circumstances that our products are produced in, because we have so many certified organizations we can lean on for assistance”. This is performed by participant A2 to a lesser extent with regards to their international CSR.

6. Discussion and implications

The findings of this research, combined with the results of the Thermometer survey have generated very intriguing results that address the perceptions, motivations, challenges, and enactments of SMEs in both a national and international context. There were several interesting notions that either formed contrasts with conventional CSR literature, or complimented the body of work.

The CSR literature has composed a compelling business case, one that is focused on the competitive edge CSR measures could give companies. For SMEs specifically, it is thought to enhance local stakeholder relationships and to increase customer loyalty (Gelbmann, 2010). However, the implementation of CSR in SMEs proves to be problematic due to their limited resources and in the light of current market development. This has several implications for the pursuit of CSR amongst Dutch SMEs, some of which were very prevalent in this research.

6.1 The legitimacy of CSR

First of all, Coppa and Sriramesh (2012) have mentioned an overabundance of definitions when it comes to CSR. For the purpose of this research, the definition issued by the European Commission (2011) was used as a standard. This definition touched all the five crucial dimensions of CSR, as defined by Dahlsrud (2008): the environmental dimension, the social dimension, the economic dimension, the stakeholder dimension, and the voluntariness dimension. The exact definition reads:

“Corporate Social Responsibility (CSR) is defined 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.”

(European Commission, 2011, p. 3)

Amongst the participants, the environmental and social dimensions of CSR were the most prevalent. It is significant that only two of the participants (CT1, CT2) identified profit as an essential part of their CSR perception. This signals that for the large majority of the participants, CSR encompasses the planet and people aspects, which are perceived as separate from the aspect of profit. This relates directly to the motivations behind the pursuit of CSR. The efforts of large MNCs are often viewed as

not truthful, because their CSR efforts are perceived as means to an end (profit), thus addressing it through an instrumental theoretical lens, making CSR a strategic tool to create revenue. This can be linked to the argument coined by Friedman (1970), that addresses the maximization of profits as the main responsibility of companies. Through the answers given by the participants in this research, this motivational aspect of CSR seems to be stigmatized and causes CSR to be perceived as highly illegitimate in case it is pursued with an initial economic motivation. This is interesting because the definition provided by the European Commission (2011) also specifically includes the economic dimension of CSR within its main definition, valuing the economic responsibility of companies alongside the societal responsibilities. Nonetheless, it appears that the overall consensus amongst the data was a need to separate profit and CSR, in order for CSR to be perceived as genuine. It can be argued that this result implies that there is a skewed perception of the concept of CSR, since its economic aspect should be seen as complimentary to the other dimensions, rather than an illegitimate one. The literature stresses that CSR as a purely instrumental tool will result in an illegitimate view of the concept, since it is perceived as a forced strategy, rather than an intrinsic value of companies and their employees (Jenkins, 2009). However, if applied in combination with the other dimensions, it enforces the CSR development. This realization does not seem to be present amongst a majority of the participants of this study.

On the other side of the spectrum, scholars have stressed the dangers of pursuing CSR through an externally driven business cases (EDBC), stating how CSR should not be a responsive action to external influences, but rather be internalized into a company, its organizational systems, and its culture in order to be successful (Castka, Balzarova & Bamber, 2004; Porter & Kramer, 2011; Lynch-Wood & Jenkins, 2009). However, amongst the participants, the advancement and initiation of CSR was in a lot of cases based on external impulses, such as consumer interest, client demands, or government regulations. This was especially prominent in the fashion sector on both a national and international level. The difference between the sectors can be explained by the fact that the fashion sector has dealt with more controversies over the years, leading to a highly visible sector in comparison to the other two. The relationship between the level of visibility of a sector and the strength of an EDBC has been noted by scholars as correlating (Lynch-Wood & Jenkins, 2009; Wood,

Williamson & Jenkins, 2009). The more visibility a company or sector experiences in the public eye, the more impulses they receive and the more vulnerable they are to external pressures (Wood, Williamson & Jenkins, 2009).

Thus, a major discrepancy in this discussion can be identified here. Although the literature argues that CSR through an EDBC could lead to an illegitimate view of the concept, this is not perceived as such amongst SMEs. This entails that the instrumental theory, where CSR is perceived as a strategic tool to achieve economic objectives rather than an intrinsic motivation (Garriga & Melé, 2004), was deemed as highly illegitimate and regarded as a characteristic of large companies and government organizations, whereas on the other hand the use of an EDBC to advance and initiate CSR was accepted and regarded as legitimate. Castka, Balzarova and Bamber (2004) argue strongly against the pursuit of CSR through the involvement of externally driven motivations. They state that the only way to combat a perceived illegitimate view of CSR is to incorporate it in organizational systems, rather than rely on a responsive tactic. Other scholars agree, stating that in order for CSR to develop itself, it should not be treated as condition, but as a strategy (Morsing & Perrini, 2009). However, the results from this study show that this is clearly not the case amongst the participating companies.

The reliance on external impulses within SME could have significant consequences for the development of CSR within the SME landscape. As several scholars have stated, SMEs are a lot less visible in the public eye, and thus will experience less external impulses to pursue CSR (Jenkins, 2009; Wood, Williamson & Jenkins, 2009). In case there is a strong reliance on an EDBC to further the CSR development, this will be counterproductive on the long term for the overall advancement since there are less impulses to act upon. In addition, there is a diminished amount of innovation because companies are waiting for external impulses to arise.

There seems to be a struggle amongst SMEs in their pursuit of CSR. On the one hand, they are trying to stay authentic by staying true to purely non-economic CSR philosophies. However, they are basing their foundations on external impulses, that according to the literature will prove to be counterproductive to their cause. Nonetheless, although the overall consensus within the literature concerning an

EDBC has been a negative one, it could be argued that due to a lack of resources and transparency in the concept of CSR amongst SMEs, this notion should be reassessed and reapplied to SMEs since it can be concluded from this research that the pursuit of CSR through an EDBC is not perceived as detrimental by SMEs themselves. Rather, it is a way for many of them to cope with the current rapidly changing dynamics within CSR, using their limited resources. It should be stated here that, the literature that condemns the implementation of CSR through an EDBC, focuses mainly on the perception of external stakeholders. It is the general consensus that this will be a negative one, leading to an illegitimate view of a company's efforts. The fact that a majority of the companies in this research did not seem to agree with this statement, could be because they view the implementation of CSR through an EDBC from their own business perspective, rather than looking at the perception of their external stakeholders. This leads to the identification of yet another discrepancy between the importance put on the perception of external stakeholders by SMEs themselves, and by scholars. As SMEs remain relatively invisible compared to large MNCs, it can be stated that this could be a reason for their externally driven CSR pursuit not to be deemed as negative by external stakeholders. It would require future research into the sentiments of external stakeholders of Dutch SMEs to determine the difference between their perception of a company's CSR efforts, and the company's own perception.

6.2 CSR reflection and awareness

The overall perception of CSR and its future implications was a very positive one across the three sectors, there was a high level of confidence in the importance of CSR for both companies and stakeholders amongst the participants. Nonetheless, a large majority of the participants has claimed that this advancement is going to be dependent on external factors such as consumer demand or additional industry and government regulations. It is significant that only a few participants addressed the long-term advantages when discussing their future CSR aspirations. Many did not seem to understand the benefit of adopting CSR in the long term, nor did they set out to gather knowledge about it. This indicates that, although the literature suggests a strong CSR business case, it can be stated that the benefits of applying CSR within businesses is not widely known amongst SMEs. This directly correlates to the lack of information gathering, as was apparent in Thermometer and this research.

In terms of their current reflection on their own CSR activities, a skewed perception of reality can be witnessed amongst the data. The participants were all very positive about their own CSR awareness and implementation, even if the level of CSR engagement was considered minimal. At the same time, they were doubtful of the efforts and importance placed on CSR within their sector. However, a majority of the participants who were asked what differentiated them from other companies in terms of CSR, gave an uncertain answer. This indicates that, although the participants feel as if their efforts are sufficient and above average, in reality, they do not have a concise insight on a macro level (industry wide). Another aspect where this was very apparent was the inspirations for CSR the participants addressed, or rather, were unable to address. Across the sectors, there was a very low level of transparency on a macro level in terms of CSR activity. This influenced the perception of their own efforts as being very positive compared to others, because they are perhaps not exposed to the efforts of other companies within their sectors, leaving them shielded and unable to identify companies who are implementing CSR in new and creative ways.

This could have several implications for the advancement of CSR amongst SMEs. First of all, the participants have already indicated a reliance on EDBC to initiate and further develop CSR. This is a notion that could be enforced by the lack of CSR transparency on a macro level, which limits the exposure to sustainable alternatives amongst SMEs. Secondly, a lack of transparency into the CSR practices of similar companies will lower expectations and motivations. The data learns us that several participants who have gained insights into other companies through previous experiences have indicated a significant stronger drive to pursue CSR in their current function and in the future. This means that a higher level of transparency and awareness about CSR practices amongst similar companies can further motivate the pursuit of CSR within SMEs.

This also directly relates to the advancement of the CSR business case. As the level of transparency on a macro level is rather low, the advantages that companies gain from the pursuit of CSR are also not widely spread. Several participants (CT1, CT4) have indicated an increased level of loyalty amongst their employees, which they attribute to their social CSR efforts on both a national and international level. This is also validated in the literature, as Bhattacharya, Sen and

Korschun (2008) have identified CSR as a tool to retain talent as a form of competitive advantage. However, although some have addressed this aspect of the CSR business case, many others still perceive the investment in CSR as mainly a cost and also believe that many others within their respective sectors do not see the long-term benefits. This might be detrimental to the CSR business case as a whole. Therefore, although scholars have identified several aspects of the CSR business case, as long as the transparency remains an issue amongst SMEs, the advancement of the CSR business case will be more challenging.

6.3 International CSR fulfillment

SMEs have been known to struggle with a lack of resources in terms of staff and monetary resources (Fisher et al., 2009; Hammann, Habisch & Pechlaner, 2009). This has also had an effect on the way CSR risks are assessed and evaluated in an international context. The clear difference between companies with a direct business model and companies with an indirect business model was portrayed by the data in terms of assertiveness and thoroughness when assessing risks within international supply chains.

It appears that participants with a direct business model are much more adamant on gathering information about high risk developing countries, in contrast to participants with an indirect business model who often base their CSR risk assessment solely on the relationship with the supplier. It is also interesting to note that from both the Thermometer survey and this research, it appears that companies with an indirect business model are often not aware of their supply chain origins and experience a relative low motivation to gather information compared to companies with a direct supply chain. Some companies did not acknowledge a transnational supply chain, although they could realized this sooner only by looking at their suppliers.

Although there is an adequate amount of information concerning CSR available both online and through official institution, the level of visibility of these tools and sources is not widespread according to Thermometer (MVO Nederland, 2014) and reaffirmed by the participants in this research. Due to their limited sizes and lack of human resources, participants have implied a lack of time to fully research documents, such as the OECD guidelines, and translate them to their own business

practices. Often the media was noted as a contributor to the perception of risks in developing countries, meaning that the current multimedia landscape does not only provide consumers with more transparency regarding CSR, but also gives SMEs an indication of what to take into account. However, the depth and level of transparency through the media remains debatable.

Companies with a direct business model often aspired to pursue certifications and audits to indicate their level of CSR enactment on an international level, whereas companies with an indirect business model often referred to sustainable purchasing as their form of international CSR. It can be stated that, with the strong emphasis on audits and certificates, it seems that CSR is being perceived primarily in terms of compliance to legal standards amongst businesses with a direct business model. This was especially the case within the cleantech sector, where participants have stated the need for certifications and audits in order for them to do business with developing countries, thus implying a highly regulated environment.

This is in stark contrast with the fashion sector, which showed a reliance on long-term relationships within their process of international risk assessment and international CSR enactment, rather than official certifications. Both direct and indirect participants prided themselves in the established relationships with factories and suppliers as a form and guarantee of CSR, relying on a mutual understanding, reliability, and trust with their connections in developing countries. This lack of official international certificates within the fashion sector could be explained by the fact that the fashion sector operates in a relative high risk sector compared to either the cleantech or agriculture sector. The supply chains addressed by the fashion participants appeared to be less open and less regulated, both in terms of direct and indirect trade (F4). It has been stated that the companies in the cleantech industries operate in highly regulated international environments, which is enforced by both the Netherlands and developing countries. In addition, the participants in the agriculture sector have emphasized the vulnerability of their products, as it concerns primary products that are meant for human consumption (A2). This basically forces companies to pursue certificates in order to participate in international trade. Thus the need to acquiring official certification in the fashion industry might not be as pressing as it is in the other two sectors due to the lack of clear regulations and relative difficulties in acquiring certifications.

Another paradox can be identified within companies with an indirect business model. Participants have implied the implementation of sustainable purchasing as their main form of CSR, which is motivated through an EDBC. However, although external stakeholders, mainly consumers, have been noted to provide a strong incentive to pursue CSR, some participants have indicated a lack of additional response in case this implementation of CSR had a direct effect on the customers in terms of price (CT5, F2). It therefore appears that the implementation of CSR within an indirect business model is challenged by the aversion of external stakeholders in case a monetary commitment is required. This could be attributed to the current economic downturn, however this would require a consumer sentiment research in order to draw concise conclusions.

There is contradictory evidence in the literature which suggests a counter productive administrative burden that can be imposed on SMEs though the installment of CSR legislation (Castka, Balzarova & Bamber, 2004). It is stated that it is doubtful whether SMEs can achieve a competitive advantage through CSR, in case the implementation of new legislations, composed by national governments or the EU for example, is not feasible in an administrative sense. SMEs have addressed the economic downturn as already a huge burden, further implementation of CSR measures would lead to more struggles in terms of resources. The literature teaches us that CSR is dependent on various assets, such as knowledge, the capability to innovate, and the trust and consensus of stakeholders (Morsing & Perrini, 2009). So in order to incorporate CSR as not an ad hoc expense, but a core business strategy, a clear dissemination of information seems to be the first step. This has many implications for the current state of CSR determinants within the Dutch SME landscape. Because of the economic downturn and general SME challenges, the need for concise and transparent CSR information is crucial. It is clear from the research and Thermometer that the current level of CSR information transparency is detrimental to the overall advancement of CSR.

6.4 CSR in a hyper connected world

Although SMEs often deal with challenges in terms of resources, many participants have indicated some form of CSR enactment within their business. Be it small and local, or in an international context, most participants have stated an aspiration to

communicate their efforts externally to an increasing extent in the near future.

An interesting observation can be made if both internal and external communication are taken into account. Although every participant stated that an increase in external communication towards external stakeholders is what they strive for, none mentioned the internal communication within the companies. It has been stated that only employees who directly deal with issues related to CSR are notified of developments and taken into account when it comes to the advancement of CSR within the company (F1). This shows a discrepancy between the importance put on the intrinsic pursuit of CSR by SMEs and relates back to the notion that a lot of the decisions regarding CSR are still made based on external pressures. Due to the significantly greater importance on external communication in comparison to internal communication, it can be argued that this is another indication that the motivation behind the CSR decisions made within SMEs is largely driven by an EDBC instead of intrinsic values. This is not as surprising, as SMEs are often struggling with a lack of resources. Thus it seems to be easier to apply CSR through an EDBC, instead of spending time and money on implementing CSR within internal business processes. It could also be the lack of information regarding CSR that enhances this effect. Although SMEs have indicated a strong desire to engage with CSR, often it is not clear to them how this desire can be translated into actual enactment.

The literature has argued that, most SMEs are unable to communicate their CSR efforts to external stakeholders, as they are not aware of the existing legislations (Ciliberti, Pontrandolfo & Scozzi, 2008). This was enforced by the results of this research, in which it was clear that participants hardly use official channels to gather information, and are not aware of their own efforts in comparison to others. Thus leading to confusion concerning their external CSR communication, in terms of what to communicate, and the extent to which they should communicate their CSR measures. Although the wish to improve external communication is definitely present, the methods and tools to achieve this goal were not well-known.

In terms of scale, a majority of the participants, both direct and indirect, displayed local enactments of CSR. These would often take on social forms of CSR and include the interests of internal stakeholders (such as employees) or external stakeholders (such as local clubs) quite extensively. This implies that, although there

is an increasing amount of globalization noticeable amongst SMEs, their main enactment of CSR is still kept close to home.

7. Conclusion

This research aimed to explore the determinants of corporate social responsibility engagement amongst Dutch small and medium enterprises operating in developing countries. In addition, it served as a complimentary study to the annual Thermometer survey issued by MVO Nederland.

Although it is impossible to make generalizations based on the small sample size of this research, there are however many recurring themes that emerged and that can provide some concluding remarks. First of all, the data has implied that there is a focus on an externally driven business case as the major determinant for the initiation and advancement of CSR. Although observed within all three sectors, there was a significant higher tendency towards an EDBC in the fashion sector due to its relative higher visibility and relative high risk supply chain. A clear discrepancy with the literature was found, since scholars have argued that pursuing CSR through externally driven impulses will lead to an illegitimate view of the concept. In reality, CSR was deemed illegitimate by the large majority of the participants in case it was used as an instrumental tool for the creation of revenue. In the literature, scholars have warned against the illegitimate view of CSR through an EDBC, yet there seemed to be no concern regarding this motivation amongst the participants. This implies a shift in the overall mentality towards the perceived roll of companies, in particular SMEs, in contemporary societies. It appears that companies have moved on from Friedman's (1970) original view on corporate responsibilities, towards a view of corporate responsibility as a reaction to current societal demands. However, this might be the case for the companies involved in this study, but this can not be generalized to the whole Dutch SMEs landscape due to this research's limited scope.

Taking into account the limited resources SMEs are fundamentally dealing with, once can also conclude that the pursuit of CSR through externally driven impulses might even be a coping mechanism for SMEs in our current rapidly changing business environment. It is a sign of adaptability within their means and one that is not perceived as illegitimate, as scholars claim it should be. However, the pursuit of CSR by SMEs through an EDBC is examined from a company perspective in this research, in order to determine the perception of CSR through externally

driven impulses by external stakeholders, further research is required.

Therefore, although SMEs are hardly as visible in the public eye as is the case for large MNCs or government organizations, they are still largely reliant on an externally determined business case to further develop CSR. Thus it appears that they *believe* that CSR should be an intrinsic act, yet they *act* on external impulses. This means that, the mentality regarding CSR is one that is fitting, however the execution is still dependent on phenomena that do not correlate with the mentality. The lack of information dissemination regarding CSR could be addressed as a problematic aspect in this context. Without the know-how, SMEs are unable to act upon their aspirations. They lack the resources to independently seek advice in many cases, and are often not aware of the efforts and innovations of others. Thus a first step in furthering the advancement of CSR within the Dutch SME landscape, could be an increased level of concise CSR information.

Corporate social responsibility is still a highly debated concept. The key to this debate could lie in the transparency amongst SMEs themselves and the dissemination of information. At this moment, it is of great importance to strive for more transparency throughout sectors and allow companies to inspire each other to overcome the perks of being a small company and creatively deal with the issues at hand. This research suggests that there is still a lack of understanding regarding the enhancement of business performances through CSR in SMEs. This means that company and their CSR efforts would thrive, in case the short and long run implications of a CSR business case are clearly communicated.

7.1 Limitations of the study

This research has been conducted as a study into the determinants of engagement amongst Dutch SMEs. The aim of this research was to gain an in-depth view of their CSR motivations, challenges, and enactment. One of the main limitation of this research was its limited scope. A sample was taken from the Thermometer survey that consisted of 12 SMEs, spread across three sectors. Due to the limited scope of this study in terms of time and sample size, the results from this research cannot be considered as generalizable. Nonetheless, it serves as a vehicle for the examination of future research with the rich data it generated.

One of the main obstacles during this study was the gathering of participants. It should be noted that sensitive topics such as CSR often lead to a skewed depiction within the sample size and data. First of all, participants are often more inclined to participate in case they already have CSR measures in place, in contrast to the ones that do not. This was very apparent in the fact that Thermometer only reported 1% of its participants who actively researched formal guidelines such as the OECD, and one of those participants agreed to be part of this research. Nonetheless, attempts to diffuse this effect were made. A wide variety of randomly selected companies (only taking into account their international activity and sector) was contacted, to attempt to secure a somewhat diverse sample size.

In addition, sensitive topics such as CSR also lead to favorable answers. Participants are often inclined to answer questions in a societal favorable matter to maintain a positive corporate reputation. Although it was specifically mentioned in the consent form and further explained to them that their participation is completely anonymous, the caution with which companies approach this topic should always be kept in mind.

7.2 Future implications

The results from this research, combined with the findings of Thermometer can aid companies such as MVO Nederland to better understand the current implications of CSR implementations amongst Dutch SMEs. However, because CSR is a social construct that evolves over time, there will be a need for further research in order to take into account new developments.

The emphasis on an externally driven business case amongst SMEs and the lack of CSR communication in this research provides more than enough material for future research. This research has focused on a company perspective solely, however the perception of external stakeholders is just as essential in determining the effect of an EDBC on the pursuit of CSR by SMEs. This could lead to interesting conclusions regarding the importance of externally driven impulses as perceived by external stakeholders, in comparison to businesses themselves.

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9. Appendix

9.1 Appendix A – Informed Consent Form (English)

CONSENT REQUEST FOR PARTICIPATING IN IMVO RESEARCH

FOR QUESTIONS ABOUT THE STUDY, CONTACT:

Name: Disi Ye
Email: disiye@gmail.com
Tel.: 0634990022

DESCRIPTION

You are invited to participate in a research about international corporate social responsibility (CSR). The purpose of the study is to understand the determinants of CSR amongst Dutch SMEs in developing countries.

Your acceptance to participate in this study means that you accept be interviewed . In general terms,

- the questions of the interview will be related to possible challenges and motivations related to international CSR
- your participation in the research will be related to MVO Nederland and the Erasmus University Rotterdam
- my observations will focus on the different level of CSR engagement amongst several Dutch industries

Unless you prefer that no recordings are made, I will use a tape recorder for the interview.

You are always free not to answer any particular question, and/or stop participating at any point.

RISKS AND BENEFITS

I am aware that the possibility of identifying the people who participate in this study may involve possible risks for the participant's reputation and social relations. For that reason— unless you prefer to be identified fully (first name, last name, occupation, etc.)—I will keep any information that may lead to the identification of those involved in the study confidential. I will only use pseudonyms to identify participants.

I will use the material from the interviews and my observation exclusively for academic work, such as further research, academic meetings and publications.

TIME INVOLVEMENT

Your participation in this study will take approximate 45-60 minutes. You may interrupt your participation at any time.

PAYMENTS

There will be no monetary compensation for your participation.

PARTICIPANTS' RIGHTS

If you have decided to accept to participate in this project, please understand your participation is voluntary and you have the right to withdraw your consent or discontinue participation at any time without penalty. You have the right to refuse to answer particular

questions. If you prefer, your identity will be made known in all written data resulting from the study. Otherwise, your individual privacy will be maintained in all published and written data resulting from the study.

CONTACTS AND QUESTIONS

If you have questions about your rights as a study participant, or are dissatisfied at any time with any aspect of this study, you may contact –anonymously, if you wish— with the researcher

SIGNING THE CONSENT FORM

If you sign this consent form, your signature will be the only documentation of your identity. Thus, you **DO NOT NEED** to sign this form. In order to minimize risks and protect your identity, you may prefer to consent orally. Your oral consent is sufficient.

I give consent to be audio taped during this study:

Name Signature Date

I prefer my identity to be revealed in all written data resulting from this study:

Name Signature Date

This copy of the consent form is for you to keep.

9.2 Appendix B – Informed Consent Form (Dutch)

TOESTEMINGSVERKLARINGFORMULIER IMVO ONDERZOEK

VOOR VRAGEN OVER DEZE STUDIE, NEEM CONTACT OP MET:

Naam: Disi Ye
E-mail: disiye@gmail.com
Tel.: 0634990022

OMSCHRIJVING

U bent uitgenodigd om deel te nemen aan een onderzoek over internationaal maatschappelijk verantwoord ondernemen (MVO). Het doel van deze studie is het begrijpen van de huidige MVO drijfveren onder MKBs in ontwikkelingslanden.

Uw deelname in deze studie betekent dat u akkoord gaat met een interview. In grote lijnen betekent dit dat,

- de interview vragen zijn gericht op de mogelijk aanwezige uitdagingen en motivaties met betrekking tot internationaal MVO
- uw deelname aan het onderzoek is gerelateerd aan MVO Nederland en de Erasmus Universiteit Rotterdam.
- mijn observaties zullen zich richten op de verschillende niveaus van MVO betrokkenheid onder verschillende sectoren.

Tenzij u liever wilt dat er geen audio opnames worden gemaakt, zal er een recorder worden gebruikt om het interview op te nemen.

U kunt altijd ervoor kiezen een bepaalde vraag niet te beantwoorden en/of te stoppen op elk gegeven moment.

RISICO'S EN VOORDELEN

Ik ben mij ervan bewust dat de mogelijkheid tot identificatie van de deelnemers aan deze studie mogelijke risico's met zich meebrengt met betrekking tot de reputatie van de deelnemer en sociale relaties. Om deze redenen – tenzij u liever volledig wil worden geïdentificeerd (voornaam, achternaam, beroep, etc.) – zal alle persoonlijke informatie geheel vertrouwelijk worden behandeld.

Ik zal alleen pseudoniemen gebruiken om deelnemers te identificeren.

Ik zal de informatie uit de interviews en mijn observatie uitsluitend gebruiken voor wetenschappelijk werk zoals nader onderzoek, wetenschappelijke bijeenkomsten en publicaties.

TIJDSBESLAG

Uw deelname aan deze studie zal ongeveer 45-60 minuten in beslag nemen. U kunt ten alle tijden uw deelname onderbreken.

BETALINGEN

Er zal geen financiële vergoeding voor uw deelname zijn.

RECHTEN VAN DE DEELNEMERS

Indien u besluit om de deelname aan deze studie te accepteren, moet u begrijpen dat deze deelname geheel vrijwillig is. Dit betekent dat u het recht heeft om kosteloos uw toestemming

en/of deelname te beëindigen ten alle tijden. U hebt het recht om bepaalde vragen te weigeren. Als u wilt zal uw identiteit bekend worden gemaakt in alle schriftelijke gegevens die voortvloeien uit het onderzoek. Anders zal uw privacy worden gewaarborgd in alle schriftelijke publicaties die voortvloeien uit het onderzoek.

CONTACTEN EN VRAGEN

Indien u vragen hebt over uw rechten als een deelnemer aan deze studie, of ontevreden bent met aspecten van de studie, dan kunt u (anoniem, indien u dat wenst) contact opnemen met de onderzoeker.

ONDERTEKENING VAN HET TOESTEMMINGSFORMULIER

Als u dit formulier ondertekent, zal uw handtekening de enige documentatie van uw identiteit zijn. Dit betekent dat u NIET VERPLICHT bent om dit formulier te ondertekenen. Om de risico's te minimaliseren en uw identiteit te beschermen, kunt u mondeling toestemming geven. Uw mondelinge toestemming is voldoende.

Ik geef toestemming om tijdens het interview te worden opgenomen:

Naam

Handtekening

Datum

Ik wil liever dat mijn identiteit wordt onthuld in alle schriftelijke gegevens die voortvloeien uit deze studie:

Naam

Handtekening

Datum

Dit exemplaar van het toestemmingsformulier is voor de deelnemer.

9.3 Appendix C – Interview guide (English)

6. Introduction

In light of the yearly Thermometer survey conducted by MVO Nederland, I would like to ask you a few further questions related to your (I)CSR perspectives and enactments. The goal of this research is to map the current (I)CSR landscape amongst SMEs within selected industries in the Netherlands.

My name is Disi Ye and I will be conducting this research in collaboration with MVO Nederland for my Master thesis.

- a. Could you tell me a bit about your role in the organization?

7. CSR perception

- a. How do you perceive CSR?
 - i. Within your sector
 - ii. Within your company
- b. How do you think CSR is perceived by others?
 - i. Within your sector (other companies)
 - ii. Within your company (colleagues)
- c. What has shaped your own view on CSR?
 - i. *E.g. the media, institutions, share/stakeholders*
- d. Why do you think CSR is important?
 - i. Within your sector
 1. Difference with other sectors
 - ii. Within your company
- e. What CSR aspect do you perceive as the most important?
 - i. *E.g. possible external communication, intrinsic company value, stakeholder engagement*
 - ii. How have you translated this to real life practices?
- f. Has any recent event changed your view of CSR?
 - i. Why has that specifically changed your views?
 - ii. Did this have consequences for the way your company practices CSR?

8. Motivations and challenges

- a. Why do you think companies have a social responsibility to society?
 - i. If not, who do you think carries this responsibility?

- b. What would you say are the main reasons for SMEs specifically to be socially responsible?
 - i. *E.g. external pressure, company culture, globalization*
 - c. Would you say this responsibility transcends borders?
 - i. If not, who do you think carries the responsibility?
 - d. Since when you have been active in developing countries?
 - i. Which countries?
 - ii. Are you aware of the main challenges/risks in the countries you are active in?
 - 1. What steps have you taken to gather information?
 - a. *E.g. MVO Risico Checker*
- e. How is the relationship between your company and your suppliers/market?
 - i. Do you know who your suppliers/customers are?
 - ii. How transparent is your supply chain and are you aware of the possible CSR issues that could arise?
- f. What are your main reasons to strive for CSR internationally?
 - i. *E.g. talent attraction and retention, customer loyalty*
- g. Have your CSR views changed ever since you have been active internationally?
 - i. If yes, what factors played a roll?
 - ii. Do you feel a stronger need to engage with CSR?
- h. What do you perceive as the main challenges of ICSR?
 - i. For SMEs
 - ii. For your sector
 - iii. For your company
 - 1. *E.g. controversies, lack of transparency, lack of laws in developing countries, monetary resource investment, etc.*
- i. How have you dealt with the specific challenges your company faced?

9. Enactment of CSR

- a. In what ways have you implemented CSR within your company (either nationally or internationally)?
 - i. What or who has inspired you to engage with CSR?
 - ii. Could you name some examples?
- b. Do you think that you are contributing to better environmental and

- social circumstances internationally?
- i. Compared to whom?
- c. How do you communicate your CSR related issues?
- i. Internally (colleagues)
 - 1. *E.g. mentioned in email, newsletters, talked about during meetings*
 - ii. Externally (stakeholders, media)
 - 1. *E.g. mentioned in yearly reports, addressed on the website*
- d. How important is the communication of CSR related issues (both internally and externally) for you?

10. Conclusion

- a. Where do you hope to be in terms of (I)CSR implementation in about 5 years?
- i. How do you hope to achieve that?
 - ii. What challenges do you foresee?
 - 1. *E.g. MVO Nederland Ambitie 20/20*
- b. What do you think you *should* implement in terms of (I)CSR in the future?
- i. What or who is your inspiration?
 - ii. How attainable do you think that is?
- c. What role do you see for your company in terms of (I)CSR in the future within your sector?
- d. Is there anything else you would like to address that we have not yet discussed?

* Ask for examples throughout the interview

9.4 Appendix D – Interview guide (Dutch)

1. *Introductie*

Naar aanleiding van het jaarlijkse Thermometer onderzoek, uitgevoerd door MVO Nederland, zou ik u graag een paar aanvullende vragen willen stellen met betrekking tot uw (internationale) MVO perspectieven en opvulling. Het doel van dit onderzoek is om een goed zicht te krijgen op de huidige (l) MVO activiteiten van Nederlandse MKB's in bepaalde sectoren.

Min naam is Disi Ye en ik zal dit onderzoek uit gaan voeren in samenwerking met MVO Nederland voor mijn Master scriptie.

- a. Kunt u mij wat vertellen over uw rol in de organisatie?

2. *MVO perceptie*

- a. Wat verstaat u onder MVO?
 - i. Binnen uw sector
 - ii. Binnen uw bedrijf
- b. Hoe denkt u dat MVO wordt gezien door anderen?
 - i. Binnen uw sector (andere bedrijven)
 - ii. Binnen uw bedrijf (collega's)
- c. Wat heeft uw visie omtrent MVO gevormd?
 - i. *Bijv. de media, instellingen, belanghebbenden*
- d. Waarom denkt u dat MVO belangrijk is?
 - i. Binnen uw sector
 1. Verschil eigen sector met andere sectoren
 - ii. Binnen uw bedrijf
- e. Welk aspecten van MVO vindt u vooral belangrijk?
 - i. Bijv. mogelijke externe communicatie, intrinsieke waarde van het bedrijf, betrokkenheid van belanghebbenden
 - ii. Hoe heeft u deze aspecten vertaald naar de praktijk?
- f. Hebben recentelijk ontwikkelingen binnen uw sector invloed gehad op uw kijk op MVO?
 - i. Waarom heeft dit invloed gehad?
 - ii. Heeft dit gevolgen gehad voor de manier waarop MVO wordt beoefend?

3. *Motivaties en uitdagingen*

- a. Waarom vindt u dat bedrijven een maatschappelijke verantwoordelijkheid hebben?
 - i. Zo niet, bij wie ligt volgens u de verantwoordelijkheid?
- b. Wat zijn volgens u de belangrijkste redenen voor MKB's om maatschappelijk verantwoord te zijn?
 - i. *Bijv. externe druk, bedrijfscultuur, globalisering*
- c. Vindt u dat de maatschappelijke verantwoordelijkheid van bedrijven bij de landsgrenzen ophoudt?
 - i. Zo ja, bij wie ligt volgens u de verantwoordelijkheid?
- d. Sinds wanneer bent u actief in ontwikkelingslanden?
 - i. Welke landen?
 - ii. Bent u zich bewust van de uitdagingen/risico's in de landen waar u actief bent?
 - 1. Hoe heeft u informatie verzameld over de desbetreffende landen?
 - a. *Bijv. MVO Risico Checker*
- e. Hoe is de relatie tussen uw bedrijf en uw leveranciers/afzetmarkt?
 - i. Weet u wie uw leveranciers/klanten zijn?
 - ii. Hoe goed is uw zicht in uw leveringsketen en de MVO problematiek die zich hierin voor zouden kunnen doen?
- f. Wat zijn voor u de belangrijkste redenen om maatschappelijk verantwoord te ondernemen op een internationaal niveau?
 - i. *Bijv. werknemers aantrekken en behouden, klantenbinding*
- g. Zijn uw MVO opvattingen veranderd sinds u internationaal actief bent?
 - i. If yes, welke factoren hebben daarin een rol gespeeld?
 - ii. Heeft u een sterkere behoefte om MVO te implementeren?
- h. Wat ziet u als de belangrijkste uitdagingen van MVO op een internationaal niveau?
 - i. Voor MKBs
 - ii. Voor uw sector
 - iii. Voor uw bedrijf
 - 1. *Bijv. controversies, gebrek aan transparantie, gebrek aan wetgeving in ontwikkelingslanden, financiële investering, enz.*
- i. Hoe bent u omgegaan met de specifieke uitdagingen waarmee uw onderneming werd geconfronteerd?

4. Uitvoering van MVO

- a. Op welke manier is MVO binnen uw bedrijf geïmplementeerd (zowel nationaal als internationaal)?
 - i. Wie of wat heeft u geïnspireerd om MVO te implementeren?
 - ii. Kunt u praktijkvoorbeelden noemen?
- b. Heeft u de indruk dat u bijdraagt aan betere milieu- en sociale omstandigheden op een internationaal niveau?
 - i. Vergeleken met wie?
- c. Hoe communiceert u MVO-gerelateerde zaken?
 - i. Intern (collega's)
 1. *Bijv. email, nieuwsbrief, vermelding in vergaderingen*
 - ii. Extern (belanghebbenden, media)
 1. *Bijv. vermelding in jaarverslagen, op de website*
- d. Hoe belangrijk is het communiceren van MVO-gerelateerde zaken voor u (zowel intern als extern)?

5. Conclusie

- a. Waar hoopt u te zijn op het gebied van (internationaal) MVO over ongeveer 5 jaar?
 - i. Hoe hoopt u dat te bereiken?
 - ii. Welke uitdagingen voorziet u?
 1. *Bijv. MVO Nederland Ambitie 20/20*
- b. Wat vindt u dat u eigenlijk zou moeten implementeren op het gebied van internationaal MVO in de toekomst?
 - i. Wie of wat is uw inspiratie?
 - ii. Hoe haalbaar denkt u dat dit is?
- c. Welke rol ziet u voor uw eigen bedrijf op het gebied van internationaal MVO binnen uw sector?
- d. Is er nog iets dat u zou willen bespreken wat niet in dit interview naar voren is gekomen?

* Vraag naar zoveel mogelijk voorbeelden tijdens het interview

9.5 Appendix E – Participant profiles

	Size	Direct/Indirect trade	CSR communication
CT1	10 tot 50 employees	Direct export	<ul style="list-style-type: none"> - Website shows CSR section - Social CSR enactment – Employment of people who have a disadvantage on the labor market - Environmental CSR enactment – self-sufficient buildings, solar panels, electric cars - No certification marks
CT2	50 tot 100 employees	Direct export	<ul style="list-style-type: none"> - Website shows CSR section - Environmental CSR enactment – CO2 reduction, Greendriver Challenge - Certification marks: CO2-Prestatieladder (niveau 3), ISO 9001, ISO 14001, MRF-Certificaat, BIR Gold Member, Exportlicentie China (AQSIQ)
CT3	2 tot 10 employees	Indirect purchase	<ul style="list-style-type: none"> - No mention of CSR on company website [Website under construction]
CT4	10 tot 50 employees	Indirect purchase	<ul style="list-style-type: none"> - Website shows CSR section - Social CSR enactment – EVC traject 2013 - Environmental CSR enactment – CO2 neutraal project
CT5	50 tot 100 employees	Indirect purchase	<ul style="list-style-type: none"> - No mention of CSR on company website
CT6	50 tot 100 werknemers	International tradepartner	<ul style="list-style-type: none"> - No mention of CSR on company website
F1	10 tot 50 employees	Direct import	<ul style="list-style-type: none"> - No mention of CSR on company website
F2	2 tot 10 employees	Indirect purchase	<ul style="list-style-type: none"> - No mention of CSR on company website
F3	100 tot 250 employees	Indirect purchase	<ul style="list-style-type: none"> - Website shows CSR section - Environmental CSR enactment – Gold Fleet (cleaner car contracts), CO2 compensation, sustainable energy sources, Textile4Textile project - Sustainable trade – Fair Wear foundation - Certification marks: ISO 14001
F4	10 tot 50 employees	Direct import	<ul style="list-style-type: none"> - No mention of CSR on company website
A1	100 tot 250 employees	Direct import	<ul style="list-style-type: none"> - Website shows CSR section - Social CSR enactment – Ethical Trading Initiative (ETI) - Certification marks - Fair for Life – Fair Trade (IMO), For Life
A2	100 tot 250 employees	Direct export	<ul style="list-style-type: none"> - Website shows CSR section - Social CSR enactment – ISO 26000 - Environmental CSR enactment – ISO 26000

9.6 Appendix F – Thermometer results

Figure 1. CSR behavior SMEs

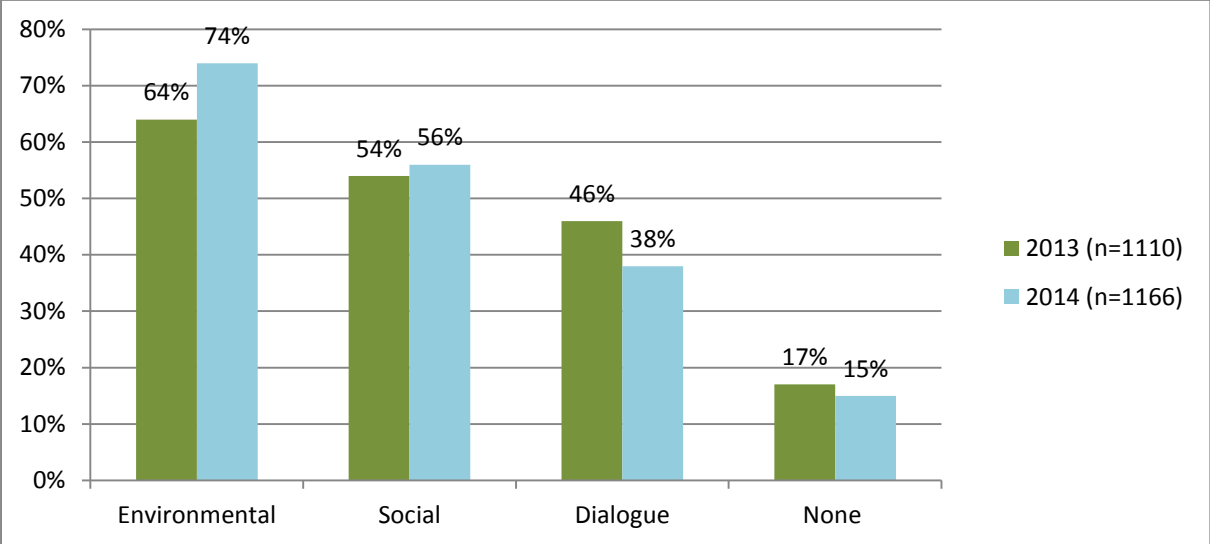


Figure 2. Responsibility for social and environmental issues in developing countries (2013: n=1110; 2014: n=1166)

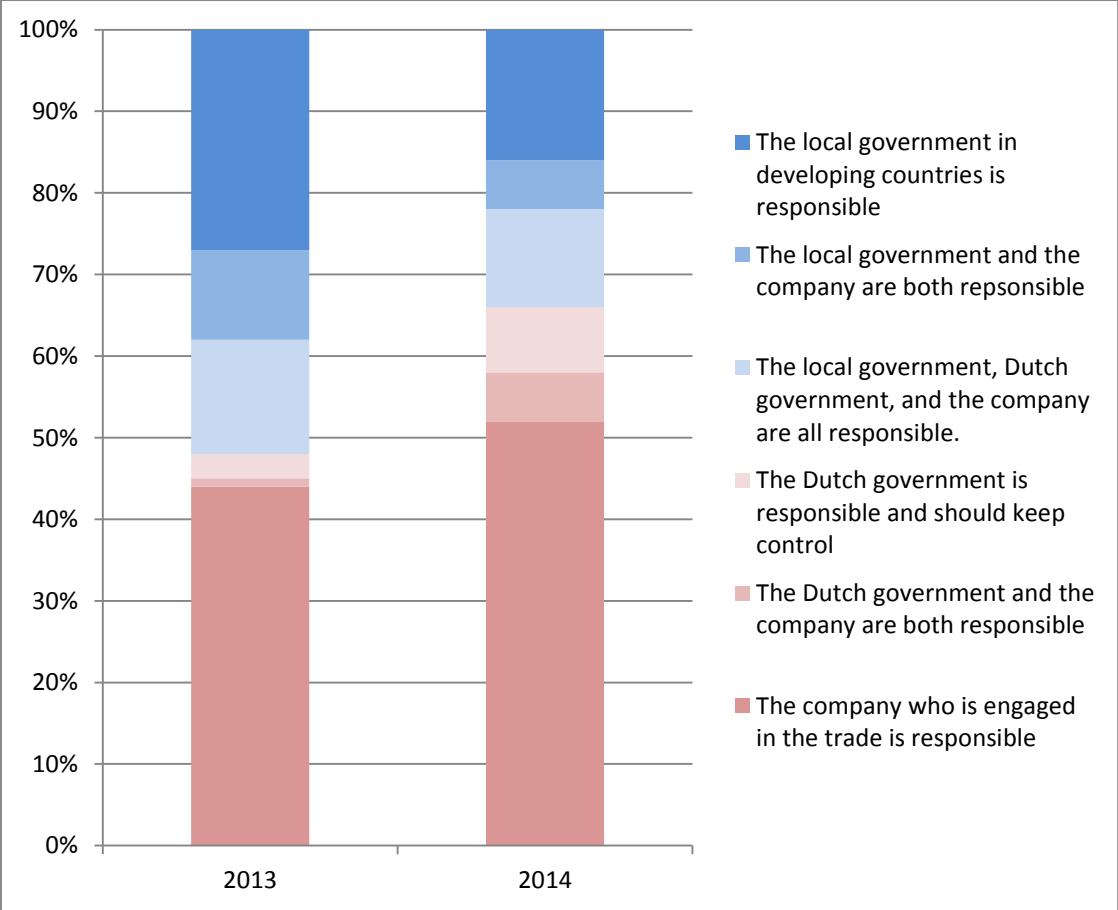


Figure 3. CSR attitude with a direct/indirect trade

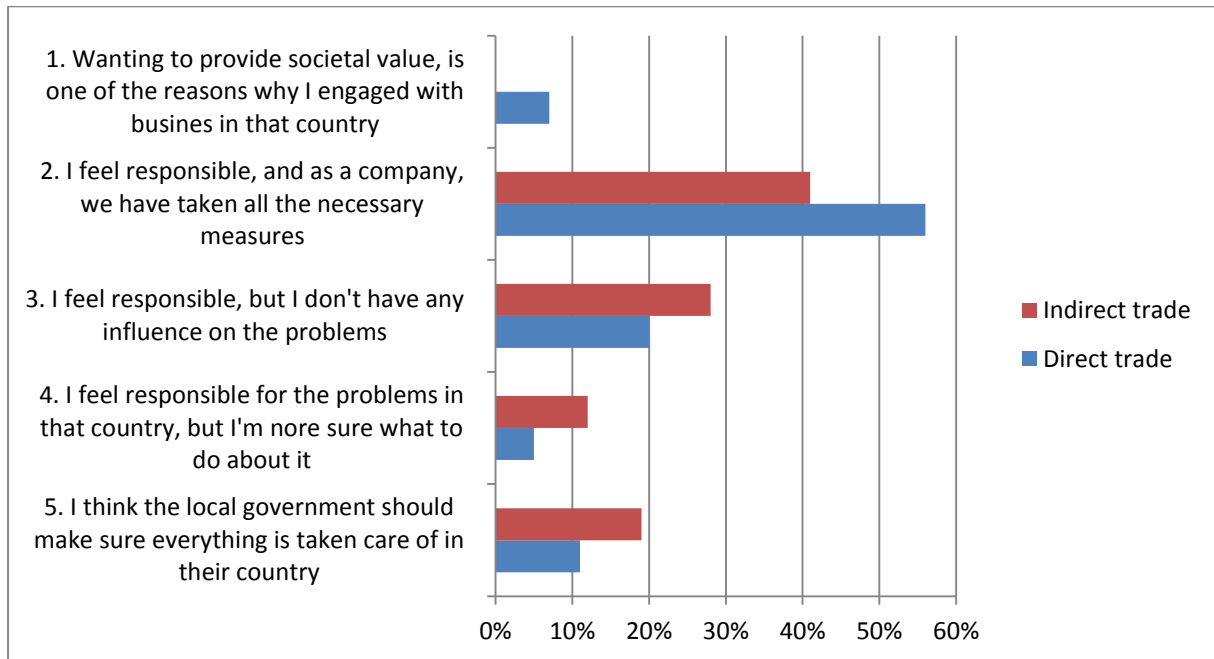


Figure 4. Rating of CSR behavior amongst other companies by SMEs (direct trade), average of the ratings base don 4 themes (environment, labor, corruption, and suppliers)

