

**Corporate social responsibility performance and sustainability reporting
in SMEs: An analysis of owner-managers' perceptions**

José M Moneva, University of Zaragoza (Spain), jmmoneva@unizar.es (*)

Julio Hernández-Pajares, University of Piura (Peru), julio.hernandez@udep.pe

** José M Moneva acknowledges the financial support of the Spanish Ministry of Economy, Industry and Competitiveness, Project “ECO-CIRCULAR” – Ref. ECO2016-74920-C2-1-R.*

Abstract

Public and private organisations promote corporate social responsibility (CSR) practices in small and medium enterprises (SMEs) to achieve competitive advantages in their relationship with stakeholders. Different studies indicate that SMEs have found benefits in their CSR performance. The aim of the present study is contributing to the knowledge of the perception and motivation of SME managers on the performance of CSR, considering the stakeholder theory, through a qualitative case study in two different economic environments and institutional influences: Spanish and Peruvian. It is found that the values of the owners and managers direct the policies of CSR. In some cases, the demands of employees and consumers are satisfied to obtain benefits; however, in other cases, those demands are satisfied with a non-instrumental approach.

Keywords: SME, corporate social responsibility, sustainability performance, stakeholder's theory, emerging markets

1. Introduction

The public and private policies that promote corporate social responsibility (CSR), under the relational model, have presented an outstanding development in European Union (EU) legislation (Steurer, 2010). The European Commission (2011) points out that, as a key issue for the configuration of CSR policies in small and medium-sized enterprises (SMEs), it can be an advantage if CSR is considered as a long-term investment and becomes a source of innovation if it is strategically managed by considering the expectations of stakeholders (Battaglia et al., 2010).

It is also important to note that the social investment in emerging countries provides an opportunity for the creation of economic and social value that has the potential to make social progress (Urban and George, 2018). In this sense, the performance of CSR in SMEs has had an important development in recent years, which has allowed them to improve their competitiveness through innovation and strategic relations with their stakeholders (Ortiz and Kuhne, 2008; Tantalo et al., 2012; Torugsa et al., 2012; Gallardo-Vázquez and Sánchez-Hernández, 2013; Herrera et al., 2016a).

However, it should be noted that the nature of CSR for SMEs is different and the strategy cannot follow the same line as large companies, so they must develop their own methods of integrating CSR into their objectives in an informal manner: voluntary and not as part of the management systems, due to the lack of economic resources or knowledge (Williamson et al., 2006; Kechiche and Soparnot, 2012; Wickert, 2014).

Regarding strategic management, it is the owner-manager who leads and directs—with its values, personal and relational attributes—the CSR policies with its stakeholders (Jenkins, 2006; Jamali et al., 2009; Herrera et al., 2013; Nejati and Amran, 2012; Del Baldo, 2015; Meyer et al., 2017). On the other hand, further research on the performance of CSR in companies from emerging countries, including Latin American and Perú, is considered important, due to its own relationship with its stakeholders and institutional influences, which are different from European countries (Luken and Stares, 2005; Jamali et al., 2009;

Nejati and Amran, 2012; Pastrana and Sriramesh, 2014; Hernández, 2016; Dubruc et al., 2017; Tran and Jeppesen, 2016; Fortune et al., 2017).

Another support of this study is linked to the initial development of CSR research in Peruvian companies. Very few studies have been aimed at investigating the practices and reporting of CSR (Tostes and Chero, 2010; Nakasone, 2015; Hernández, 2016; Marquina and Morales, 2012). Studies, such as Marquina and Morales (2012) and Farber and Charles (2013), consider relevant comparative research on the performance of CSR in both countries. It is considered that there are common cultural factors that consider the historical links between Spain and Latin America and an important economic activity in common. However, the companies of each country have different environments and developed economy (López and García, 2002; Marquina and Morales, 2012; Farber and Charles, 2013).

It is important to point out that sustainable development has a greater institutional influence in Europe than in Latin America, which turns out to be determinant in CSR performance (Marimon et al., 2012; Alonso-Almeida et al., 2015). Studies on the institutional influence on CSR performance of SMEs indicate a follow-up of policies and standards of international and governmental organisations (Russo and Perrini, 2010; Jamali and Neville, 2011; Tran and Jeppesen, 2016, Jamali et al., 2017).

The aim of the present investigation, of an exploratory nature, is contributing to the knowledge of the perception and motivation of SME managers on the performance of CSR, considering the approaches of the stakeholder theory—through a qualitative case study in the context of SMEs in two different economic and institutional environments, Spanish and Peruvian.

This paper includes five sections, including this introduction. Section 2 addresses a review of the literature about the performance and reporting of CSR in SMEs. Section 3 comprises the methodological design of qualitative analysis. Section 4 analyses the results on the

perceptions and performance of CSR in the context of SMEs. Section 5 includes the discussions, conclusions and implications.

2. Theoretical framework

Businesses can have an approach for CSR performance, which allows them to improve getting benefits and competitive advantages; thus, the initial value in a company can be achieved considering the commitments with the stakeholders in the long term (Jensen, 2001). Companies could adopt operational policies and practices that improve their competitiveness and, simultaneously, enhance the economic and social conditions of the communities in which they operate (Porter and Kramer, 2011).

In the context of SMEs, managers are the ones who determine, in a personal way, the values, policies and daily practices in the business and the practices of CSR (Spence et al., 2000; Murillo and Lozano, 2006; Vives, 2006; Hammann et al., 2009; Herrera et al. 2013; Nejati and Amran, 2012; Del Baldo, 2015). It is found that the personal values of the owner-managers and close relationships with the stakeholders, according to extrinsic motivations, allow benefits and competitive advantages, (Hammann et al., 2009; Tantalo et al., 2012; Herrera et al., 2016b; Martínez-Martínez et al., 2017; Dubruc et al., 2017; Meyer et al., 2017).

The concepts of entrepreneurship and innovation also apply in the management of sustainability in SMEs, obtaining advantages of CSR as innovation in products and services; serving unserved markets and building new business models that allows them to be more competitive (Jenkins, 2009; Nejati and Amran, 2012; Gallardo-Vázquez and Sánchez-Hernández, 2013; Herrera et al., 2016a; Dubruc et al., 2017).

Thus, in accordance with previous studies, we raise the first research question: *Do the owners-managers of the SMEs perceive CSR performance and the fulfilment of the stakeholders' demands as a source of competitive advantages?*

After reviewing the research on the values of managers towards CSR, we analyse the studies under the framework of the stakeholder's theory. The stakeholder's theory studies groups and individuals who affect the organisations, as well as the behaviour of the managers, to answer their legitimate interest. The management of a company that fully takes into account its responsibilities towards stakeholders, contributes to solve their ethical problems (Freeman 1984; et al., 2010). From the SME point of view, according to the instrumental approach of the stakeholder's theory, research indicates that there is an important performance of CSR with those stakeholders that have a greater relationship (i.e., customers, employees and suppliers), which influence the companies at a strategic level, for the creation of value in the company (Moneva and Hernández, 2008; Hamman et al., 2009; Nagypál, 2014; Pastrana and Sriramesh, 2014; Herrera et al., 2016a; Martínez-Martínez, et al., 2017).

The management with employees and the customers allows a competitive performance in SMEs, is the case of investments in human capital are those with the highest long-term benefits for the company (Nagypál, 2014; Gallardo-Vázquez and Sánchez-Hernández, 2013; Milost and Novak, 2015; Herrera et al., 2016a; Martínez-Martínez et al., 2017).

Considering the normative approach of the stakeholder's theory, each stakeholder deserves consideration for his own good and not only for their capacity to help in the interests of any other group (Freeman, 1994; Donaldson and Preston, 1995). The normative CSR approach is centred on a moral and judgment evaluation of managers and stakeholders with legitimate interest (Phillips, 2003; Scherer and Palazzo, 2007). Thus, studies on SMEs point to a normative approach, due to the ethical leadership of managers, who consider satisfying the interests of stakeholders (e.g., employees and the community): those who do not expect to obtain benefits but rather a moral compliance (Perrini, 2006; Weltzien and Melé, 2009; Kechiche and Soparnot, 2012; Del Baldo, 2015).

In developing countries, we also find a normative approach to CSR with stakeholders, which satisfies their demands and, from a philanthropic point of view, corresponds to intrinsic motivations based on the values of the owner-managers and their culture (Jamali

and Neville, 2011; Nejati and Amran, 2012; Pastrana and Sriramesh, 2014; Tran and Jeppesen, 2016).

Thus, in agreeance with previous research, we propose the second research question: *Do the owners-managers of SMEs perceive CSR performance as a response to the legitimate interests of the stakeholders, beyond obtaining benefits?*

A third aspect of responsible behaviour is transparency. Most of the literature indicates that there are two theoretical approaches that explain the reasons for sustainability reporting: (1) to respond to the expectations of its stakeholders or (2) legitimise their social performance according to the values of society (Adams, 2002; Parker, 2005).

Authors suggest a study of reporting motivations from an internal context, in order to understand the response to stakeholders, strategic position of management and availability of resources (Adams, 2002; O'Dwyer, 2003; Parker, 2005).

Studies on the social and environmental disclosure in SMEs found that they are particularly advanced implementing CSR-related practices in organisational processes, including engaging with their main stakeholders, in spite of the costs and availability of resources for implementing them (Husillos and Alvarez-Gil, 2008; Nielsen and Thomsen, 2009; Gamerschlag et al., 2011; Baumann-Pauly et al., 2013). On the other hand, the literature justifies the CSR reporting as a way of legitimising decisions, in order to justify negative social and environmental impacts (Deegan, 2002; Moneva et al., 2006). In a different way, the sustainability reporting in SME is not a response to an institutional influence, and neither is it a form of legitimation with its stakeholders (Baumann-Pauly et al., 2013; Cantele, 2014).

Finally, the third question arises as follows: *Do the owner-managers of SMEs perceive the sustainability report as a response to stakeholders' expectations?*

3. Research design

In order to study the managers' perceptions, ways to answer to stakeholders and the nature of CSR practices, a qualitative exploratory analysis is developed. The application of this method included semi-structured interviews with owners and managers of four Spanish and three Peruvian SMEs, along with the analysis of documentation and observation of activities regarding the CSR, according to the qualitative research methodological proposals (Shaw, 1999; Yin, 2003).

3.1 Research methodology

In this research we developed semi-structured interviews for the managers and owners to obtain their perceptions about CSR performance and to understand the context of SMEs, according to studies with similar methodology (O'Dwyer, 2003; Spence, 2009; Baumann-Pauly et al., 2013; Del Baldo, 2015; Meyer et al., 2017).

The topics for the semi-structured interviews are divided in two parts. In the first part, questions were aimed at getting to know the strategic approach of CSR performance and management with stakeholders, where the owners and managers explained their perceptions of CSR, motivations for including them in their business activities, and the performance with stakeholders. The second part is focused on an explanation of the CSR practices and report from the customers, employees, society and environment that the owners and managers recognise. These themes were obtained from the guides of the Aragon Government¹, the Observatory of Corporate Social Responsibility² and GRI (2006).

The interviews correspond to open and spontaneous questions without following a specific script on aspects of CSR; they were then recorded, transcribed and finally listened to many times for a better analysis that would allow us to find common patterns and interpretations of the data, as the methodology suggested for Yin (2003) and O'Dwyer (2003).

3.2 Case studies

For the Spanish SMEs, we used the SME definition—defined by the European Commission Recommendation of 2003—which points out the criteria to define a micro, SME. As the

main criteria, only the number of employees (less than 250) has been taken into consideration. For Peruvian enterprises, SME Law for micro and small enterprises has been used, which takes into account the number of employees (i.e., less than 100).

SMEs with fewer than 250 employees were chosen (see Table 1), whose managers have a certain knowledge and performance of CSR for each country and with some implementation of a quality or environmental certification, which is usually pointed out as a factor in the performance of CSR (Murillo and Lozano, 2006).

For the purpose of the exploratory analysis, we consider cases of SMEs that had a trajectory in CSR practices, from different sectors that have been recognised for the implementation of CSR management. Given our previous knowledge, we decided to analyse different Spanish and Peruvian SMEs to compare, if it is necessary, different environments. Owners and managers of the selected SMEs were invited to participate in the interviews, of whom seven accepted, as detailed in Table 1.

Table 1. Companies' profile

Enterprise	Country and location	Number of employees	Product or service	Management certification	Recognition
Iritec S.L. (SME 1)	Spain Zaragoza	160	IT and computers	ISO27001	IDEA Award 2007 in technological innovation and Young Entrepreneur Award 2008 of Aragon government
Millenium Maria Reina S.L. (SME 2)	Spain Zaragoza	17	Health and recreational spare time	ISO 9001 EFQM	Award for Business Excellence 2008 and Young Entrepreneur Award 2010 of Aragon government
Vat Vending S.A. (SME 3)	Spain Huesca	48	Distribution and services- <i>Vending</i>	ISO 9001 ISO 14001	Award for Business Excellence 2006 and Innovation Company Prize 2007 of Aragon government
Javierre S.L. (SME 4)	Spain Huesca	7	Excavations and building	ISO 9001 ISO 14001	Award for the best sustainability report of AECA 2007 and 2009 and CSR Award of Aragon government 2008
Corporación Educativa Casuarinas (SME 5)	Peru Lima	153	Primary school education	ISO 9001	Member of Latin American Heads Conference and International Baccalaureate (IB)

Wannabe S.A.C. (SME 6)	Peru Lima	11	Education and recreation for children		Outstanding social work 2010.
Algas Marinas S.A.C. Bionaturista (SME 7)	Peru Lima	150	Production and commercialisa tion of natural products	SQF 2000	International Quality Award 2005 of Journalists College

4. Analysis of results

4.1 Perceptions about CSR and competitiveness

Concerning knowledge of CSR, different approaches were observed. Three managers said it was a commitment with society, which implies including the values of the managers and owners in the business strategy. In other words, it is an attitude of the manager towards the determination of the values and policies of CSR that should be applied by the personnel of the company in their relationship with the stakeholders (Murillo and Lozano, 2006; Jamali et al., 2009; Weltzien and Melé, 2009; Herrera et al., 2013; Del Baldo, 2015).

“Social responsibility is a commitment, which we think is very important when developing any project, it is a way to include in the plans of the company a fundamental value that pays back to society. In our project we address the base of all society, the family . . . in itself this concept is already about social responsibility, a way to share values through our organisation.” (SME 6)

“CSR is not implanted. It is an awareness of the values that the shareholders transmit to the employees and customers . . . it is about making the shareholders really believe in respect, conciliation, reasonable schedules, that people be satisfied in their post, that the environment be respected, that social policies be backed up, that sport activities be sponsored, if the shareholders really believe it all, that flows into the company.” (SME 1)

Besides, two managers pointed out that CSR is about a moral obligation with society and an ethical attitude geared towards commitment with the employees and society in the

performance of CSR (Spence et al., 2000; Jamali et al., 2009; Jamali and Neville, 2011; Del Baldo, 2015).

“CSR is an obligation to return to society the benefits obtained from it . . . CSR is an obligation to give to society and be an example for other companies.” (SME 5)

“The manager’s professional level affects CSR performance . . . but the most important element in a manager is the type of moral, values [and] human vision of people that weighs more than professional level.” (SME 3)

With regard to whether CSR improved the profitability of the company, the majority of managers pointed out that CSR policies did not improve results.

“CSR does not improve the results of an company, it [does not] depend on them; the customers do not value CSR practices . . . when negotiating with customers CSR aspects are not taken into account, but economic ones, such as price.” (SME 4)

In general, the availability of resources is observed as a limiting factor of CSR performance in SMEs (Wickert, 2014; Herrera et al., 2016a; Meyer et al., 2017). According to SME 2, ‘the lack of financial resources is a limiting factor for CSR; for example, the implementation of environmental policies costs a lot of money; [and] the investments require time . . . they are done as long as we can’. Managers of SMEs, therefore, think that it is not necessary to invest on resources to satisfy the legitimate demands of the stakeholders (Jamali and Neville, 2011; Nejati and Amran, 2012; Tran and Jeppesen, 2016).

“The implementation of policies of social responsibility do not require a lot of money. I am convinced that the policies of social responsibility can be generated, starting from the criterion and positive attitude towards them. If we, the owners, are committed with social responsibility, we must extend this commitment with all the groups with which we interact. It just takes wanting to do it; it is not necessary to have an erudite training.” (SME 6)

4.2 Perceptions of stakeholder's interests

For the case of the employees, the owner of SME 1 considers that his motivation, training and incentives are an important part of the business processes. The managers of SMEs give their employees good labour conditions (e.g., quality of life, equal opportunity policies and flexible schedules), which influence productivity and commitment with the company. It is important to point out that the manager-employee relationship is closer and becomes an advantage for the performance of the SME (Jenkins, 2006; Nagypál, 2014; Gallardo-Vázquez and Sánchez-Hernández, 2013; Milost and Novak, 2015; Herrera et al., 2016a; Martínez-Martínez et al., 2017).

“The fact of having a group of young people, with a good environment, which sees the company grow, gives good results, has a very good trademark image, makes people want to work in the organisation . . . the level of commitment is high because they really see that the company labour and, at the same time, the management is extremely committed to them.” (SME 1)

“As the most important value of our company, the satisfaction of our employees is essential. The relationship with them are ones of mutual respect, worrying about their well-being. With that, we create a relationship of friendship that compromises us to be better every day; their productivity is valued, we give them opportunities for growth and we always keep constant communication.” (SME 6)

We found different approaches to those indicated for two companies, whose employees value remuneration more than other factors. Their motivations do not depend on the alignment with the values and objectives of the company. According to SME 4, ‘If the employees cannot satisfy their economic needs, loyalty, commitment and alignment with the company are difficult . . . for example, training is not valued as satisfaction of needs, at least in the sector of the organisation’.

In reference to the performance with customers, it is observed that some SMEs recognise that stakeholders are determining the management and results of the organisation. An adequate service or product is important in the satisfaction of their demands, according to the instrumental approach (Hammann et al., 2009; Nagypál, 2014; Herrera et al., 2016a; Martínez-Martínez, et al., 2017).

“The consumers are important because they pass on information (feedback) about what is being done . . . the consumers are going to tell if you are right, or they will keep paying their dues if you are doing things right.” (SME 2)

“The quality in the service is the main responsibility, it is a question of doing good, the best possible, what is the rationale of the company . . . that is why we systematically carry out surveys with the customers . . . with good results . . . we are a well-valued company.” (SME 3)

Not all customers value responsible performance in companies. The manager of SME 7 states that at the decision-making moment, customers value the economic aspect—price—over other aspects, such as quality or respect for the environment.

“American and European customers are willing to pay a greater price for a product with better raw materials (organic) and quality certifications; Peruvian customers are not. We cannot include the cost of better products and processes in the price because they do not buy them.” (SME 7)

The expectations of society, in the case of SMEs, is made according to the availability of resources, and the managers consider it a moral obligation, which does not seek economic benefits nor competitive advantages with CSR (Jamali and Neville, 2011; Nejati and Amran, 2012; Pastrana and Sriramesh, 2014). According to SME 2, ‘The limitations of benefits and the payments for financed investments affects the social activity . . . however, some activities are done, such as public talks on topics of health, responsibility or sponsorships’.

The owners and managers do not acknowledge important levels of social investment in the community, which does not constitute a key stakeholder in the company; the few social activities have a philanthropic character (Vives, 2006; Perrini et al., 2007; Jamali and Neville, 2011; Nejati and Amran, 2012; Pastrana and Sriramesh, 2014).

“The social extension of the company includes the systematic social assistance of charging a minimum price for the service of dispenser machines in entities with a social aim (e.g., NGOs, centres for the disabled, centres for the attention of underprivileged people and voluntary labour centres) and the dedication of a small part of the budget margin for economic assistance in an NGO.” (SME 3)

Regarding environmental practices, managers of both Spanish SME 3 and 4—with certification, more experience and institutional influence—acknowledged policies for the reduction of energy consumption, residue classification for selective pick up, reuse of materials and supplies, purchase of products and services with certifications. The other SMEs do not have environmental practices in a systematic way, according to the nature of their operations (e.g., classifying and recycling paper and office supplies, policies for saving energy in offices through the use of lightning and computer equipment; classifying residues for selective pick up, as well as policies for the use of less printed paper).

4.3 Perceptions of reporting practices

It is observed that CSR report practices are not a priority in the studied SMEs and less a way of accountability to stakeholders. The results show that only two managers of Spanish SMEs present sustainability reports, due to the institutional influence of public-promoter organisations. Peruvian SMEs did not have a greater knowledge of sustainability reports.

One of the managers has more recognition in sustainability reports and thinks transparency is an obligation towards the stakeholders in order to satisfy a legitimate demand. Another one thinks that it is important but does not allow benefits. Managers do not consider the

CSR report as an opportunity for dialogue with stakeholders and much less as a way of legitimising their activities, despite the institutional influence (Husillos and Alvarez-Gil, 2008; Baumann-Pauly et al., 2013; Cantele, 2014).

“The policies of hiding information from the interested parties not only harms the users but [also] the managers themselves, since information avoids conflict and it is an aim to transmit trust to the stakeholders . . . even though such information, in some cases, is not valued by the stakeholders, such as customers, financial institutions, which value the economic aspect in the relationships.” (SME 4)

Despite the appreciation of the CSR and sustainability report policy for the stakeholders, the managers mentioned that they have not been able to implement sustainability reports as a communication strategy, due to the limitation of knowledge, economic resources or time (Nielsen and Thomsen, 2009; Gamerschlag et al., 2011; Baumann-Pauly et al., 2013).

“Transparency is good for the company, it is part of the image in front of its customers and consumers who value it when they buy goods or services . . . a report is not done for lack of time and coordination among the different areas of the organisation: we lack a communication strategy.” (SME 3)

“Information about CSR would be very important; what would have to be valued is if it [is] possible to manage the time that it takes to prepare a report and manage it . . . [F]or an SME, it is very complicated; it would cost a lot of time and work but, of course, we would do it.” (SME 2)

5. Discussion

With regard to the first research question, the owners and managers—according to their values—define the CSR performance policies, but a clear and defined strategic approach for obtaining competitive advantages is not found in all cases. Values that the owner believes and transmits to the employees and other stakeholders, as a moral obligation, does

not have the main objective of obtaining economic benefits. These results differ from the studies that indicate an extrinsic motivation of the owners and managers of the CSR performance in order to create economic value (Hammann et al., 2009; Tantaló et al., 2012; Torugsa et al., 2012; Herrera et al., 2013; Herrera et al., 2016b; Meyer et al., 2017; Dubruc et al., 2017).

The indicated results can be explained because, in most of case studies, the managers commit to meeting the needs of stakeholders without adequate knowledge of the concept of CSR, which is perceived as a moral obligation. There are no significant differences, however, in the perceptions of the owners and managers of both countries, with respect to the performance of CSR; they consider it important but, formally, it is not part of the strategic objectives, although the sustainability practices in European SMEs are more developed due to a greater institutional influence—unlike the Peruvians whose practices are more voluntary (Marimon et al., 2012; Jamali and Neville, 2011; Tran and Jeppesen, 2016).

Considering the second research question, most managers indicated the importance of the response to the stakeholders' expectations, such as employees and customers in their activities. Otherwise, it happens with social performance that presents a philanthropic approach (Tran and Jeppesen, 2016; Herrera et al., 2016b; Martínez-Martínez et al., 2017). Moreover, they seek to satisfy their customers with the aim of improving their income, not through a CSR policy but through a responsible marketing policy. In the case of responsible practices with customers, not all of them valued these practices, and their purchasing decisions were based on price only.

The improvements of the basic labour conditions may allow the employees to have a better performance, so they may prove to be means to obtain benefits, which does not happen all the time. Some managers thought they did not find any growth in their employees' commitment, who presented mostly extrinsic motivations in their work. Limited performance with the close community is exhibited as a philanthropic activity, so it is not an opportunity to obtain benefits (Nejati and Amran, 2012; Tran and Jeppesen, 2016)

In the environmental and social performance, for example, it is not common to observe objectives to improve the processes, increase productivity, reduce costs, manage human talent and develop a reputation, as means to obtain competitive advantages. It is not possible to verify in all cases, except for SME 4 with extensive recognition in CSR, that the performance with stakeholders of both countries is part of the strategic objectives. According to the values of the managers and owners, more corresponds to a satisfaction of the demands of their main stakeholders as part of their ordinary activities, without the cultural aspects and institutional influences being a driver of CSR performance (Jamali and Neville, 2011; Tran and Jeppesen, 2016; Del Baldo, 2015).

Finally, on the question of transparency with stakeholders, the report of CSR practices is very limited due to the lack of knowledge to prepare sustainability reports; the lack of resources and time to develop them; the lack of interest in improving the reputation or seek to legitimise their activities (Nielsen and Thomsen, 2009; Gamerschlag et al., 2011; Baumann-Pauly et al., 2013). The owners and managers of SMEs do not perceive the CSR report as a response to the needs of information for the stakeholder's decisions, given that they do not have a clear position about the transparency principle.

6. Conclusions

This study seeks to contribute to the knowledge of the CSR performance and sustainability reporting in SMEs. Thus, a qualitative method was applied to obtain the perceptions of owners and managers about the CSR performance, according the stakeholder's theory. The context of the analysis is two-fold, focusing on case studies in Spanish and Peruvian SMEs.

This qualitative research has sought to answer, from the perception of the owner and manager, the question of whether the satisfaction of the expectations of stakeholders allows obtaining competitive advantages and benefits. The analysis of SMEs, from two different economic environments (i.e., developed (Spain) and developing (Peru)), gives a contribution to the literature. The differences are mainly focused on experience and

institutional influence in CSR, which are greater in Spanish companies than in Peru. Nevertheless, results do not show significant differences in the CSR performance approach.

The assumptions of the stakeholder theory are applied in the analysis of CSR performance in SMEs, considering the expectations of customers and employees with whom they have a higher relationship (Jenkins, 2006; Nagypál, 2014; Gallardo-Vázquez and Sánchez-Hernández, 2013; Milost and Novak, 2015; Herrera et al., 2016a; Martínez-Martínez et al., 2017). However, a definitive and clear manager's attitude is not observed, in all cases, to obtain benefits and competitive advantages that can be achieved in CSR performance. In the cases that were found, the strategic approach to the stakeholders includes satisfying customers with quality products and services, as well as, offering their employees adequate working conditions and incentives for an efficient management. Nevertheless, only some Spanish SMEs have an environmental certification, which can support environmental performance.

According to a normative approach, an attitude geared towards a moral commitment is observed in the owners and managers, with respect to the stakeholders. According to the values of the directors, stakeholders deserve consideration for their own sake and not for the benefit they may render to the company. An example of this is the practices to improve the conditions for the employees, the policies of equal opportunities, the collaboration with the community and the participation in initiatives of sustainability (Vives, 2006; Jamali et al., 2009; Jamali and Neville, 2011; Tran and Jeppesen, 2016; Del Baldo, 2015).

Transparency is another principle that is not fully incorporated into the performance management and CSR. Managers value the principle of transparency as a part of responsible behaviour. However, the limitations of knowledge, time and resources have prevented their implementation; nor is it a way of legitimising their activities (Spence, 2009; Gamerschlag et al., 2011; Baumann-Pauly et al., 2013).

Therefore, it seems necessary to inquire further into the arguments of the CSR performance of SMEs, using alternative conceptual approaches and a larger sample of SMEs from

different sectors, experience and economic realities that not only studies the perceptions of the managers but also CSR performance.

Notes

¹ CEPYME-Aragón, in its Conectapyme portal, disseminates practices and information for the improvement of SME management that includes CSR and environmental performance. Retrieved from

[http://www.cepymearagon.es/WebCEPYME/Menu.nsf/0/051A811110703846C1257997004205C2/\\$FILE/GUIA%20MEMORIA%20SOSTENIBLE.htm](http://www.cepymearagon.es/WebCEPYME/Menu.nsf/0/051A811110703846C1257997004205C2/$FILE/GUIA%20MEMORIA%20SOSTENIBLE.htm)

² The Observatory of Corporate Social Responsibility, within its Training and Awareness Projects, has published the CSR Guide for SMEs among other initiatives. Retrieved from https://observatoriorsc.org/wp-content/uploads/2013/07/Guia_RSC_PYME.pdf

References

- Adams, C. A. (2002). Internal organisational factors influencing corporate social and ethical reporting: Beyond current theorising. *Accounting, Auditing & Accountability Journal*, 15(2), 223-250.
- Alonso-Almeida, M., Marimon, F., and Llach, J. (2015). Difusión de las memorias de sostenibilidad en Latinoamérica: análisis territorial y sectorial. *Estudios Gerenciales*, 31(135), 139-149.
- Battaglia, M., Bianchi, L., Frey, M. and Iraldo, F. (2010). An innovative model to promote CSR among SMEs operating in industrial clusters: Evidence from an EU project. *Corporate Social - Responsibility and Environmental Management*, 17(3), 133–141
- Baumann-Pauly, D., Wickert, C., Spence, L. J., and Scherer, A. G. (2013). Organizing corporate social responsibility in small and large firms: Size matters. *Journal of Business Ethics*, 115(4), 693-705.
- Cantele S. (2014), The trend of sustainability reporting in Italy: some evidence from the last decade, *International Journal of Sustainable Economy*, 6 (4), pp. 381-405.
- European Commission (2011). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee of the Regions: a renewed EU strategy 2011–14 for Corporate Social Responsibility, COM (2011) 681, Brussels.

- Deegan, C. (2002). Introduction: The legitimising effect of social and environmental disclosures—a theoretical foundation. *Accounting, Auditing & Accountability Journal*, 15(3), 282-311.
- Del Baldo, M. D. (2015). Beyond CSR: the virtues-based approach to corporate responsibility and sustainability in Italian SMEs. *International Journal of Environment and Health*, 7(4), 394-414.
- Donaldson, T., and L. Preston (1995). The Stakeholders Theory of the Corporation: Concepts, Evidence, and Implications, *Academy of Management Review*, 20 (1), 65-91.
- Dubruc, N., Mekdessi, S., Khawaja, D., and Chartouny, D. (2017). Château Kefraya, a small-medium sized Lebanese winery with a socially responsible business model. *International Journal of Entrepreneurship and Small Business*, 32(1-2), 28-4
- Farber, V., and Charles, V. (2013). Is the perception of CSR country bound? A CSR based reputation study of Spanish companies in Latin America. *Esic Market Economics and Business Journal*, Vol. 44 (2), 9-35.
- Freeman, R. E. (1984). *Strategic Management: A stakeholder approach*, Boston: Pitman.
- Freeman, R. E. (1994). The Politics of Stakeholder Theory: Some Future Directions, *Business Ethics Quarterly*, 4 (4), 409-429.
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., and De Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge University Press.
- Fortune, G., Ngwakwe, C., and Ambe, C. M. (2017). Determinants of corporate green investment practices in the Johannesburg Stock Exchange listed firms. *International Journal of Sustainable Economy*, 9(3), 250-279.
- Gallardo-Vázquez, D., Sánchez-Hernández, M.I. (2013). Análisis de la Incidencia de la Responsabilidad Social Empresarial en el Éxito Competitivo de las Microempresas y el Papel de la Innovación. *Universia Business Review* 38 (segundo trimestre), 14-31.
- Gamerschlag, R., Möller, K., and Verbeeten, F. (2011). Determinants of voluntary CSR disclosure: empirical evidence from Germany. *Review of Managerial Science*, 5(2-3), 233-262.
- GRI (Global Reporting Initiative) (2006). *Sustainability reporting guidelines*. Amsterdam.

- Hammann, E., A. Habisch, and H. Pechlaner (2009). Values that create value: socially responsible business practices in SMEs – empirical evidence from German companies, *Business Ethics: A European Review*, 18 (1), 37-51.
- Hernández J. (2016). Estado de la Situación de la Información de Sostenibilidad de las Empresas Peruanas. *Contabilidad & Sistemas*, Volumen IX, 47-55.
- Herrera M, J., Larrán J., M., and Martínez-Martínez, D. (2013). Relación entre responsabilidad social y performance en las pequeñas y medianas empresas: Revisión bibliográfica. *Cuadernos de gestión*, 13(2).
- Herrera, M. J.; Larrán J., M; Martínez, I.; Martínez-Martínez, D. (2016a), “Relationship between corporate social responsibility and competitive performance in Spanish SMEs: Empirical evidence from a stakeholders perspective”, *Business Research Quarterly*, Vol. 19, Num. 1, pp. 55-72.
- Herrera, M.J., Larrán, J.M., Lechuga, S.M. and Martínez-Martínez, D. (2016b). Responsabilidad social en las pymes: análisis exploratorio de factores explicativos. *Revista de Contabilidad –Spanish Accounting Review*, 19 (1), 31-44.
- Husillos, J., and Álvarez-Gil, M. J. (2008). A Stakeholder-Theory Approach to Environmental Disclosures by Small and Medium Enterprises. *Revista de Contabilidad*, 11(1), 125-156.
- Jamali, D., M. Zanhour, and T. Keshishian (2009). Peculiar Strengths and Relational Attributes of SMEs in the Context of CSR, *Journal of Business Ethics*, 87 (3), 355-377.
- Jamali, D., and Neville, B. (2011). Convergence versus divergence of CSR in developing countries: An embedded multi-layered institutional lens. *Journal of Business Ethics*, 102(4), 599-621.
- Jamali, D., Lund-Thomsen, P., and Jeppesen, S. (2017). SMEs and CSR in developing countries. *Business & Society*, 56(1), 11-22.
- Jenkins, H. (2006). Small Business Champions for Corporate Social Responsibility, *Journal of Business Ethics*, 67 (3), 241-256.
- Jenkins, H. (2009). A 'business opportunity' model of corporate social responsibility for small- and medium- sized enterprises, *Business Ethics: A European Review*, 18 (1), 21-36.

- Jensen, M. (2001). Value Maximization, stakeholder theory and the corporate objective function, *Journal of Applied Corporate Finance*, 14 (3), 8-21.
- Kechiche, A., and Soparnot, R. (2012). CSR within SMEs: Literature review. *International Business Research*, 5(7), 97.
- López C., and García E. (2002). La inversión directa de las empresas españolas en Latinoamérica, *Revista Asturiana de Economía*, 23. 27-45.
- Luken, R. and R. Stares (2005). Small Business Responsibility in Developing Countries: A Threat or an Opportunity?, *Business Strategy and the Environment*, 14(1), 38-53.
- Marimon F. Alonso-Almeida, M., Rodríguez, M., and Cortez, K. (2012). The worldwide diffusion of the global reporting initiative: what is the point?. *Journal of Cleaner Production*, 33, 132-144.
- Marquina, P. and Morales, C. E. (2012). The influence of CSR on purchasing behaviour in Peru and Spain. *International Marketing Review*, 29(3), 299-312.
- Martínez-Martínez, D., Herrera Madueno, J., Larrán Jorge, M., and Lechuga Sancho, M. P. (2017). The strategic nature of corporate social responsibility in SMEs: A multiple mediator analysis. *Industrial Management & Data Systems*, 117(1), 2-31.
- Meyer, M., Narjoud, S., and Granata, J. (2017). When collective action drives corporate social responsibility implementation in small and medium-sized enterprises: the case of a network of French winemaking cooperatives. *International Journal of Entrepreneurship and Small Business*, 32(1-2), 7-27.
- Milost, F., and Novak, M. (2015). Investments in human capital: the case of Slovene micro companies. *International Journal of Sustainable Economy*, 7(3), 187-202.
- Moneva, J. M., Archel, P., and Correa, C. (2006). GRI and the camouflaging of corporate unsustainability. *Accounting forum*, 30 (2), 121-137.
- Moneva, J. M., and J. Hernández (2008). Responsabilidad Social Corporativa e Información de Sostenibilidad en la PYME, *Revista Internacional de la Pequeña y Mediana Empresa*, 1 (2), 23-41.
- Murillo, D., and J. Lozano (2006). SMEs and CSR: An Approach to CSR in their Own Words, *Journal of Business Ethics*, 67(3), 227-240.

- Nakasone, G. (2015). Contabilidad ambiental: una propuesta basada en los reportes de sostenibilidad en las industrias minera, petrolera y de gas. *Contabilidad y Negocios*, 10(19), 1.
- Nagypál, N. C. (2014). Corporate social responsibility of Hungarian SMEs with good environmental practices. *Journal for East European Management Studies*, 19 (3), 327-347.
- Nejati, M., and Amran, A. (2012). Does ownership type cause any difference in the perception of Malaysian SME owners/managers towards corporate social responsibility?. *International Journal of Business Governance and Ethics*, 7(1), 63-81.
- Nielsen, A., and C. Thomsen (2009). CSR communication in small and medium-sized enterprises: A study of the attitudes and beliefs of middle managers, *Corporate Communications: An International Journal*, 14 (2), 176-189.
- O'Dwyer, B. (2003). Conceptions of corporate social responsibility: the nature of managerial capture, *Accounting, Auditing & Accountability Journal*, 16 (4), 523-557.
- Ortiz, D., and S. Kuhne (2008). Implementing Responsible Business Behaviour from a Strategic Management Perspective: Developing a Framework for Austrian SMEs, *Journal of Business Ethics*, 82 (2), 463-475.
- Parker, L. (2005). Social and environmental accountability research: A view from the commentary box, *Accounting, Auditing and Accountability Journal*, 18 (6), 842-849.
- Pastrana, N. A., and Sriramesh, K. (2014). Corporate social responsibility: Perceptions and practices among SMEs in Colombia. *Public Relations Review*, 40(1), 14-24.
- Perrini, F. (2006). SMEs and CSR Theory: Evidence and Implications from an Italian Perspective, *Journal of Business Ethics*, 67 (3), 305-316.
- Perrini, F., A. Russo, and A. Tencati (2007). CRS Strategies of SMEs and Large Firms. Evidence from Italy, *Journal of Business Ethics*, 74 (3), 285-300.
- Phillips, R. (2003). Stakeholder Legitimacy, *Business Ethics Quarterly* 13(1), 25-41.
- Porter, M. and M. Kramer (2011). Creating shared value. *Harvard Business review*, 89(1/2), 62-77.
- Russo, A., and F. Perrini (2010). Investigating stakeholder theory and social capital: CSR in large firms and SMEs. *Journal of Business ethics*, 91(2), 207-221.

- Shaw, E. (1999). A guide to qualitative research process: evidence from small firm study, *Qualitative Market Research*, 2 (2), 59-70.
- Scherer, A., and Palazzo, G. (2007). Toward a political conception of corporate responsibility: Business and society seen from a Habermasian perspective. *Academy of management review*, 32(4), 1096-1120.
- Spence, L. J., R. Jeurissen, and R. Rutherford, (2000). Small Business and the Environment in the UK and the Netherlands: Toward Stakeholder Cooperation, *Business Ethics Quarterly*, 10 (4), 945-965.
- Spence, C. (2009). Social and environmental reporting and the corporate ego. *Business Strategy and the Environment*, 18(4), 254-265.
- Steurer, R. (2010). The role of governments in corporate social responsibility: Characterising public policies on CSR in Europe. *Policy Sciences*, 43(1), 49-72.
- Tantalo, C., Caroli, M. G., and Vanevenhoven, J. (2012). Corporate social responsibility and SME's competitiveness. *International Journal of Technology Management*, 58(1/2), 129-151.
- Torugsa, N., W. O'Donohue, and R. Hecker (2012). Capabilities, Proactive CSR and Financial Performance in SMEs: Empirical Evidence from an Australian Manufacturing Industry Sector, *Journal of Business Ethics*, 109 (4), 483-500.
- Tostes, M. and Chero, L. C. (2010). Análisis comparativo de la responsabilidad social en el sector financiero: Estudios de caso en Perú y Brasil 2007–2009. *Derecho PUCP*, (64), 299-315.
- Tran, A., and Jeppesen, S. (2016). SMEs in their own right: the views of managers and workers in Vietnamese textiles, garment, and footwear companies. *Journal of business ethics*, 137(3), 589-608.
- Urban, B., and George, J. (2018). An empirical study on measures relating to impact investing in South Africa. *International Journal of Sustainable Economy*, 10(1), 61-77.
- Vives, A. (2006). Social and Environmental Responsibility in Small and Medium Enterprises in Latin America, *Journal of Corporate Citizenship*, Vol. 21, 39-50.
- Weltzien, V. H. and D. Melé (2009). Can an SME Become a Global Corporate Citizen? Evidence from a Case Study, *Journal of Business Ethics*, 88 (3), 551-563.

- Wickert, C. (2014), “‘Political’ corporate social responsibility in small- and medium-sized enterprises: A conceptual framework”, *Business and Society*, 55, (6), 792-824.
- Williamson, D., G. Lynch-Wood, and J. Ramsay (2006). Driver of Environmental Behaviour in Manufacturing SMEs and the Implications for CSR, *Journal of Business Ethics*, 67 (3), 317-330.
- Yin, R. (2003). *Case Study Research: Design and methods*, Thousand Oaks: Sage Publications.