

Corporate Social Responsibility in Social SMEs

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The relation between social entrepreneurship and CSR is not unequivocal, as from a theoretical perspective these constructs should be distinct, and their boundaries both in theory and in practice are still unclear. The literature suggests that it is their social mission that defines social enterprises whereas, for other types of small- and medium-sized enterprises (SMEs), CSR activities would be instrumental and motivated by profit maximization. Until now, it has been unclear what the role of CSR in activities and behavior in social enterprises is, which is a notable research gap since social entrepreneurship is an emerging domain of study in business research and practice.

social entrepreneurship

SME

corporate social responsibility

discourse analysis

1. Social Entrepreneurship

The concept of social enterprise and social entrepreneurship has been approached in many ways. Social entrepreneurship is recognized as a distinct form of entrepreneurship compared to economically oriented entrepreneurship ^[1] and, social enterprises are “deeply rooted in the social, economic, political and cultural contexts in which such dynamics take place”. ^[2] (p. 13). Social entrepreneurship has a distinct research tradition in the North American context ^[2], especially in the United States, where philanthropy has been taken to mean addressing social needs of general interest with philanthropy associations often linked to industrial operators funding ^[3]. The European research tradition in comparison conceptualizes social enterprises as being affected also by the history of the co-operative movement and associations that were built in co-operative principles of participatory decision-making and a wide variety of European enterprises that work for social purposes ^{[2][3]}.

Different schools of thought on social entrepreneurship have several commonalities, and the different approaches note that common for social enterprises is that they exist for a social mission. In the social entrepreneurship literature, this is a widely shared view ^{[4][5][6][7]}. This is a key distinction between the concepts of social enterprises and CSR. Social enterprises also take entrepreneurial risks to serve others and all social enterprises are characterized by their orientation to change that they address with their social enterprise ^[3]. Social challenges represent a business opportunity, and social entrepreneurs innovatively and entrepreneurially respond to the social needs of a group of people. The fourth joint element in the definitions of social entrepreneurship is that social entrepreneurs are seen to operate in the market economy, and not for example in the public service economy.

Social enterprises are responsible for the resources, whereas the funding may come from the social activities or other complementary activities planned and implemented by a social enterprise ^[3]. On the other hand, there is a

growing number of different forms of public-private partnerships and hybrid forms of enterprises. Lastly, the social dimension is built into the organizational structure of a social enterprise, by having democratic decision-making, or otherwise involving stakeholders and reinvesting the majority of the surplus to enhance the social mission [3].

On the other hand, social entrepreneurs are emotionally attached to the organizations that they have built [8]. A recent review study on social entrepreneurship [4] notes that there is a lack of theoretical constructions at the individual, organizational and institutional levels.

Studies on social entrepreneurship have often focused on the qualities of social entrepreneurs which however offers a very limited perspective [9]. Little is known about individual-level processes in initiating a social enterprise. It has been suggested that social entrepreneurs have a prosocial personality or prosocial emotions that would predict the initiation of a social enterprise [4]. Studies have suggested that social enterprises address target groups where purely commercially oriented enterprises lack incentives [4]. Prosocial motives are a condition for such social initiatives where there are no financial incentives [10]. Drawing from earlier work, scholars [4] have recommended studying social entrepreneurship as a multilevel phenomenon. A discourse study can study speech, which can address diverse levels.

2. Corporate Social Responsibility

Scholars agree that the concept of CSR is complex [11]. Initially, CSR theories on individual ethics [12]. Many corporate social responsibility definitions focus on a firm-level and view a firm's corporate social responsibility in relation to stakeholders or to wider society. In the broadest sense definitions view that CSR refers to a firm's social mission, however, they emphasize philanthropic [12]. In this category, one way to define CSR is as "*a firm's set of discretionary activities for the promotion of positive social changes beyond the immediate interests of the company or compliance with the law*" [13]. On the other hand, CSR can be defined also from the managerial point of view: a recent study [13] (p. 6) refers to Barnett's [14] definition of CSR "*as managerial practices focused on welfare creation*". One of the perspectives used for CSR is to view it from a macro perspective, explaining the interaction between businesses and their surrounding society [13].

Another recent definition for CSR is "context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance". [15] (p. 855). For this study, this latter definition is adopted, since it offers a view that accounts for both the human side of CSR and for the fact that CSR is developed by individuals in an organizational and societal context. CSR is always based on a context and rooted in individuals, consumers, and other stakeholders' norms and values [16]. The literature suggests that CSR activities are supplementary, and usually not strategic operations of enterprises. Statistically, SMEs engage in CSR activities when they have operated in the market for a longer period or when they grow bigger [8].

Reference [12] identifies four phases in the conceptual evolution of CSR. Their analysis concluded that ethical and normative conception was prevalent in the 1950s and 1960s when CSR was first conceptualized. In the 1970s,

CSR theorizing developed towards a more pragmatic and managerial point of view; however, CSR's main theoretical discourse was about firms responding to external market or non-market pressures. In the analysis, the next evolution phase was introduced by corporate social performance approaches in the 1980s and 1990s. CSR was viewed from economic, legal, ethical and discretionary perspectives. Discretionary perspectives represent standards that firms set for themselves [12]. Furthermore, CSR theorizing has developed to recognize multiple interfaces of CSR and its functionalist, sociopolitical, cultural and constructivist functions [12].

Burger-Helmchen's and Siegel's analysis takes a wide perspective on the evolution of the concept and underlines how evolution phases in the conceptualization have been driven by external forces, whereas the role of a firm, especially SMEs, has been loaded with expectations but little space for space taking part in academic definitions of CSR from an SME's perspective. Carroll's framework for understanding CSR within four levels illustrates the underlying assumptions for CSR. The starting point for being a responsible firm is economic responsibility as this secures the overall existence of a firm [17]. In the framework, this is followed by obeying laws and regulations, only after which the level of ethical responsibility occurs [17]. This view also can create a discourse for motivation and emotion culture which [18] describes as a shared cognitive model. In CSR, theorizing gives a certain presentation of a company and how it should organize prosociality.

CSR theorizing sheds only a little light on understanding motivational processes. Explanations for the prosocial behavior of companies can include utilitarian philanthropy or philanthropy stemming from altruistic motives. On the other hand, companies can also pursue philanthropy from altruistic motives [19]. CSR in SMEs can occur by SMEs allocating resources to local communities [8]. Commonly, the CSR literature suggests that firms engage in CSR activities motivated by external pressures from stakeholders, who can be shareholders, consumers, the media, the local community, or interest groups [20]. Engaging in CSR activities can be self-interest-driven, based on caring relationships, or based on ethical standards and moral principles [21].

While many common approaches to CSR are firm-level investigations, there are some studies that consider the micro-foundations of CSR [12][13][20]. Aguinis and Glavas [20] use the term *micro-foundations of CSR* to refer to interactions of individuals related to CSR. They call for more studies, as there are many unanswered questions about motivation, behavior, and contextual conditions. CSR can be argued to be a linguistic and psycho-social process where people make sense of meanings. Earlier research [21] has noted that compared to business ethics, owner-managers of small businesses viewed CSR as more “external, more theoretical, more opportunistic, and more businesslike than business ethics...” In other words, people may categorize CSR behaviors in many ways, or not label all prosocial behaviors as corporate social responsibility activities.

3. Connections of Social Entrepreneurship and CSR

Both social enterprises and CSR programs aim to solve social problems. Social entrepreneurship and CSR have a shared orientation, but they appear in multiple purposes and structures [21]. However, whereas CSR refers to “*business decisions to sustain social causes*”, social enterprise refers to a “*business that wants to offer solutions to social problems*” [22] (p. 13).

The European Commission views CSR broadly as the societal responsibility of enterprises for their impact, but social enterprises also exhibit CSR, or, put another way, social responsibility is at the core of social enterprises. Since having a social mission at the heart of an enterprise is the most prevalent attribute in different definitions of social enterprise, the literature and discussion on CSR social entrepreneurship are interrelated both by definition and in practice. Though the concepts of social entrepreneurship and CSR have some unclear connections, many scholars share the consensus on the different orientations that they have. The distinction between CSR and social entrepreneurship can be made through the motivations explaining the activities: CSR furthers social good beyond the internal interests of the firm, and beyond the requirements of the law, but CSR is motivated by profit-maximizing and shareholder value appropriation ^[4]. One of the main assumptions behind the concept of CSR is whether its acts have entrepreneurial or innovative elements. CSR activities are not necessarily linked to “entrepreneurial activities” or “innovation activities”, but instead CSR activities are implied for strengthening societal engagement, for instance by funding a sports club or by donating to social organizations ^[23].

4. Prosocial Motivation in the Context of Social Entrepreneurship and CSR

Prosocial motivations have been studied in the context of CSR and in the context of social entrepreneurship separately, but not by combining both conceptual traditions. Social entrepreneurs emphasize it as a primary reason for initiating a social venture to create social value or to help others or society ^[1]. Ryan and Deci ^[24] view that people are naturally prosocial if their own psychological basic needs have been fulfilled. Grant ^[25] (p. 49) defines prosocial motivation as “*a more temporary psychological state...involves a momentary focus on the goal of protecting and promoting the welfare of other people*”. On the other hand, there are more definitions that emphasize societal and socio-psychological contexts for prosocial motivation and behavior.

Batson et al. ^[26] suggest that there are four forms of prosocial motivation. Altruism, benefiting others as a goal, is one of them. Another motivation form for helping others is motivated by potential self-benefits. Thirdly, they suggest that prosocial motivation can be related to collectivism, which they view as an individual's orientation to a group's wellbeing or norms. Fourthly, they suggest that prosocial motivation can spring from moral principles. This is when principles have “*value in their own right and not simply as instrumental self-serving aims*” ^[26] (p. 117).

Renko's ^[27] study was the first to apply prosocial motivation theory in empirical entrepreneurship research. The study focused on social entrepreneurs, defining them as entrepreneurs who initiate their business primarily for social purposes. Renko ^[27] summarizes studies on prosocial motivation: employees may want to help because they feel it is the right thing to do, and prosocial behavior helps them to gain a valued group membership in a community. Notably, prosocial behavior can also have personal or social rewards. However, prosocial motivation and self-interest are not opposites, they are independent and can also correlate positively with each other ^[28].

Whereas the social entrepreneurship literature has identified prosocial motivations essential in initiating a social enterprise, the corporate social responsibility literature has approached prosocial behavior from a different angle. In their study, Tao et al. ^[29] focus on managerial implications for empowering employee prosocial involvement.

Prosocial motivation has different institutional and societal contexts depending on whether it is a social enterprise or a CSR project. Prosocial motivation has been studied in CSR contexts from the perspectives of employees [29] and from the perspective of consumer engagement [30]. Most scholars view phenomena related to CSR as motivated by outsider expectations whereas some scholars emphasize firms' inner motivations in social entrepreneurship. Many scholars view corporate social responsibility acts as an instrument for gaining a company's reputation while the societal impact is not a primary aim in CSR [31].

In this study, the focus is on behavioral aspects of social entrepreneurship and CSR, as spoken language is part of behavior where meaning systems and discourses are constructed. One way to understand the connections of the concepts is by seeing that CSR should be understood by explicating the business ethics and psychology of personal values and prosocial behavior [29]. There are individual differences in how people are motivated prosocially, yet on the other hand, it is also known that there are environmental forces that influence whether individuals engage in prosocial behavior, such as experiencing autonomy, social relatedness, and competence [32, 33]. Organization-specific helping identity could give another perspective to CSR as well.

Acting socially entrepreneurially in a corporation is not limited to CSR schemes, but instead, prosocial behavior can be defined broadly as encompassing any form of interpersonal support or narrowly defined as actions that intend to help somebody [34]. Bierhoff [35] (p. 9) has viewed altruism as a form of prosociality, where the "helper's motivation is characterized by perspective-taking and empathy".

Both social entrepreneurs and CSR projects can be driven by prosocial motivation. Scholars agree that prosocial motivation encourages social entrepreneurial intentions [36]. The role of prosocial motivation in these contexts still has many unanswered questions. It could be assumed that interaction creates social norms, as prosocial interactions can become a norm that is expected from a social entrepreneur. Prosocial motivation can still lead to "suboptimal development traps", in which a social enterprise may sacrifice value, institutionalize its operations as an entitled operator in the field and preclude market entry for newcomers or other enterprises in the market [36]. Kibler et al. [37] shed light also on the dark side of the prosocial motivation of entrepreneurs and argue that prosocial motivation can also influence an entrepreneur's subjective well-being negatively, suggesting that broad attention to others' concerns can disturb entrepreneurs' focus on venture goals. On the other hand, in this study, prosociality is at the heart of venture strategic goals and is not a discretionary part.

Another paradigm for considering prosocial can be found in social identity research. Prosociality is then motivated and formed based on having an emotionally and cognitively significant membership in an organization. Farmer and Van Dyne [38] (p. 770) introduce the concept of "organization-specific helping identity", which they define as "a prosocial helping identity directed specifically at beneficiaries associated with a particular organization".

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