



Marina Lipski

# CSR in the German Mittelstand

## Development and Implementation

**Wissenschaftliche Beiträge  
aus dem Tectum Verlag**

Reihe Wirtschaftswissenschaften



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## Table of Contents

<b>List of Tables .....</b>	<b>VII</b>
<b>List of Figures.....</b>	<b>VIII</b>
<b>List of Abbreviations.....</b>	<b>IX</b>
<b>Acknowledgements.....</b>	<b>X</b>
<b>Foreword.....</b>	<b>XI</b>
<b>Abstract.....</b>	<b>XIII</b>
<b>1. Introduction.....</b>	<b>1</b>
<b>2. Literature Review .....</b>	<b>5</b>
2.1 The Applicability of CSR in SMEs .....	5
2.2 Development of CSR in the SME Context .....	7
2.3 Key Factors of CSR Engagement in SMEs.....	10
2.3.1 Carroll's Pyramid of CSR .....	11
2.3.2 Stakeholder Theory.....	15
2.3.3 Social Capital .....	29
2.3.4 Total Responsibility Management .....	34
2.3.5 Conceptual Framework.....	37
<b>3. Research Design.....</b>	<b>39</b>
3.1 The Research Onion.....	39
3.2 Methodology and Methods of the Secondary Sources.....	43
3.3 Suitability of Secondary Data.....	46
<b>4. Results of the Data Analysis.....</b>	<b>49</b>
4.1 Results.....	49
4.2 Awareness of CSR.....	49
4.3 Motivation and Goals of CSR Implementation .....	50
4.4 Challenges of CSR Implementation .....	51

4.5	CSR Activities.....	53
4.5.1	Commitment to Employees.....	53
4.5.2	Commitment to Society.....	54
4.5.3	Commitment to Environment.....	55
4.6	Communication of CRS Engagement.....	56
<b>5.</b>	<b>Interpretation of the Research Material.....</b>	<b>59</b>
5.1	Awareness, Motivation and Goals of CSR Engagement.....	59
5.2	Challenges of CSR Engagement.....	60
5.3	Activities.....	61
5.3.1	Employees.....	61
5.3.2	Society.....	62
5.3.3	Environment.....	62
5.3.4	Summary.....	63
5.4	CSR Communication.....	65
<b>6.</b>	<b>Managerial Implications.....</b>	<b>69</b>
6.1	Approaches for Analysis and Strategy Development.....	71
6.2	Benefits and Goals of the CSR Implementation.....	74
6.3	Possible Model for CSR Implementation in SMEs.....	77
6.4	Orientation for CSR Communication and Reporting.....	80
<b>7.</b>	<b>Conclusion.....</b>	<b>83</b>
7.1	Main Findings of the Study.....	83
7.2	Limitations and Suggestions for Further Research.....	84
	<b>References.....</b>	<b>87</b>
	<b>Appendices.....</b>	<b>99</b>
	Appendix 1 – Data.....	99
	Appendix 2 – Index Numbers and Percentage Change Analysis.....	101

## List of Tables

Table 1: Expectations of economic, legal and social responsibilities.....	14
Table 2: Interpretation of social capital .....	31
Table 3: Key factors and sub-aspects .....	43
Table 4: Characteristics of secondary sources .....	45
Table 5: Ten UN Global Compact Principles .....	78
Table 6: UN Sustainable Development Goals.....	79
Table 7: Reporting steps .....	80



## List of Figures

Figure 1: Carroll's pyramid of CSR .....	11
Figure 2: Stakeholders of a business.....	16
Figure 3: Stakeholder classification .....	23
Figure 4: Total responsibility management framework .....	35
Figure 5: Conceptual framework.....	38
Figure 6: Awareness of CSR in small and medium-sized firms.....	49
Figure 7: Motivation/goals of CSR implementation in small and medium-sized firms .....	50
Figure 8: Motivation/goals of CSR implementation in large-sized firms .....	51
Figure 9: Challenges of CSR engagement in small and medium-sized firms .....	52
Figure 10: Challenges of CSR engagement in large-sized firms.....	52
Figure 11: Commitment to employees in small and medium-sized firms .....	53
Figure 12: Commitment to employees in large-sized firms.....	54
Figure 13: Commitment to society in small and medium-sized firms.....	54
Figure 14: Commitment to society in large-sized firms .....	55
Figure 15: Commitment to environment in small and medium-sized firms.....	55
Figure 16: Commitment to environment in large-sized firms .....	56
Figure 17: Communication of CSR engagement in small and medium-sized firms .....	57
Figure 18: Communication of CSR engagement in large-sized firms.....	57
Figure 19: CSR cycle in SMEs.....	70
Figure 20: Inside-out linkages.....	72
Figure 21: Outside-in linkages .....	73
Figure 22: Business benefits from CSR.....	76
Figure 23: A 'business opportunity' model for CSR in SMEs.....	77

## List of Abbreviations

BDI.....	Bundesverband der Deutschen Industrie e.V.
CSR.....	Corporate Social Responsibility
EC.....	European Commission
EY.....	Ernst & Young GmbH
GmbH.....	Gesellschaft mit beschränkter Haftung (limited company)
GRI.....	Global Reporting Initiative
IfM Bonn.....	Institut für Mittelstandsforschung Bonn (Research Center of German Mittelstand in Bonn)
MNE.....	Multinational Enterprise
OECD.....	Organisation for Economic Cooperation and Development
PC.....	Percentage Change
SME.....	small and medium-sized enterprise
TRM.....	Total Responsibility Management
UN.....	United Nations
UNESCO.....	United Nations Educational, Scientific and Cultural Organization

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## Foreword

When nearly two decades ago I was interviewing a senior manager of one of the UK utility companies, a conversation had drifted into discussing the desirability, practicality and feasibility of having a designated CSR managerial role in organisations. A preferable scenario my interviewee wanted to see enacted was for such a role to become ubiquitous, reflecting the understanding that social and societal responsibilities were not any more a peripheral concern for for-profit businesses.

Nowadays this view is far more common than even could be hoped for back in the day, in a great measure because of persistent research in social responsibility that helped the practitioners to recognise CSR as a strategic element of corporate performance. At the same time, thanks to CSR scholarship, it has become apparent that the complexity of the societal issues that corporate social activities are expected to address require substantial resources and expertise, putting a strain even on the biggest of business operations.

Despite the proliferation of the ‘value for society’ mentality and culture, even well-managed companies do not always seem to prefer a total integration of CSR into their business strategies. Instead, activities focusing on delivering value for society are often spearheaded by a variety of managers via a range of not always perfectly coordinated programmes.

While big companies can afford to have a portfolio of programmes, coordinated or dispersed, small and medium-sized organisations have no choice but to be more discerning when selecting targets for their societal impact and integrating appropriate relevant actions into their operations. In this respect, the analysis of the engagement with CSR of the firms of German *Mittelstand*, proposed in this study, offers a timely opportunity to develop practical recommendations for strategizing CSR implementation in small and medium firms.

To be effective when responding to societal commitments, businesses unavoidably find it essential to learn what it takes to align their initiatives not just with the societal expectations but also with the institutional contexts. The value of this book in this respect is that it offers insights into the working of small and medium-sized enterprises in the context of a co-ordinated market economy, of which Germany is a prime example.

The publication of *CSR in the German Mittelstand* is especially welcome in the current circumstances as small and medium enterprises are bracing themselves to face the challenges of the post-COVID-19 reconstruction that inevitably will force them to review the priorities and affordability of the choices they make.

28 January 2021

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## Abstract

Increasingly aware of the advantages and rewards of corporate social responsibility (CSR), more small and medium-sized companies (SMEs) are interested in engaging in CSR. This book focuses on the German Mittelstand, which consists mostly of SMEs and is considered a role model for other economies. Despite the demand for appropriate CSR implementation, research concerning the CSR-SME relationship is still underdeveloped and requires more generalisable results. The following determinants of CSR engagement were synthesised into a conceptual framework: awareness, motivation/goals, challenges, activities, and communication. This book examines the development of CSR engagement in the German Mittelstand and outlines trends that will allow better recommendations for CSR implementation. Unlike many investigations of CSR in the SME context, which rely on a qualitative methodology, this book utilised large-scale secondary data from four surveys from the years 2007, 2012, and 2017 to conduct a quantitative analysis with the statistical method index numbers and percentage change. This approach provides conclusions about the changes in drivers and barriers in CSR engagement, also considering different size classes of SMEs.

The results indicate a positive trend toward the issue, including increased topic importance and frequency of CSR activities, decreased challenging factors, and intensified communication. Overall, a strong, economically orientated CSR approach of the Mittelstand-firms is observable. The comparison of the firms' size classes revealed minor differences in CSR engagement, suggesting SMEs' alignment with the CSR engagement of large enterprises is only a matter of time. Therefore, a structured and organised CSR approach is required. This approach should consider the results of this work, which provide important trends for the key factors of CSR implementation.

