

## **Corporate Social Responsibility in the supply chain – The role of small and medium-sized enterprises**

**Adriana Ratão Pereira Neves**

*Department of Engineering and Management, Instituto Superior Técnico*

### **Abstract**

The present work examines Corporate Social Responsibility (CSR) in Small and Medium-sized Enterprises (SMEs) as well as the transfer of CSR principles along the supply chain and SMEs' role in this. Literature reveals that there is a need for a holistic approach that would consider all dimensions of CSR, and all entities involved, from micro enterprises to big companies, from the upstream to the downstream end of the supply chain. Therefore, the main objective of this work is to understand Portuguese SMEs engagement in CSR, their role in sustainable supply chains and the degree of formalisation of CSR that is suitable for companies of this size. For this, a multiple case-study was performed, which implied interviewing 15 SMEs. The results revealed that SMEs are engaged in CSR, taking measures mainly concerning employees, community and environment. Driven by both internal and external motivations, SMEs are able to seize benefits from adopting CSR practices, even when not measuring or reporting CSR initiatives, which questions the importance of these initiatives' formal assessment in SMEs.

SMEs play a role in transferring CSR along the chain and they present potential to do much more. However, incentives are needed to encourage collaboration among companies in the supply chain, since one company is sufficient to disrupt the CSR transfer flow along the chain. Legal authorities, trade associations and key players in supply chains are the most appropriate entities for creating these incentives.

Key words: Corporate Social Responsibility, Small and Medium-sized enterprises, Sustainable Supply Chains.

### **1. Introduction**

Corporate Social Responsibility has been a hot topic. Stakeholders involved in companies' activities – government, NGOs, consumers, community, suppliers, buyers and supply chain partners – are exerting pressure on enterprises trying to encourage the adoption of sustainable policies. Some important measures are being taken both in European Union (EU) and more specifically in Portugal. For instance, the

European Commission (EC) has been implementing actions with specified target dates of accomplishment aiming at: improving self and co-regulation processes, enhancing market reward, CSR in education, training and research, and aligning EU and global approaches, among others (European Commission, 2012). In Portugal, there are already organisations promoting CSR namely Grace, a non-profit organisation, or Sair da Casca, a consulting company. CSR is therefore part of the business world and

companies cannot ignore the pressure exerted by their stakeholders to incorporate these aspects. The major part of enterprises in Europe and in Portugal is Small and medium-sized enterprises (SMEs). In 2012, they actually represented 99.8% of European companies and 99.9% of Portuguese companies (European Commission, 2013).

Despite SMEs being the back-bone of the European economy, there is a lack of research concerning their CSR-related activities, which justifies this project's focus on small and medium-sized companies.

Due to their size, SMEs often face disadvantages in terms of competitiveness. This weakness could be overcome with the inclusion of CSR in their strategy, since nowadays engaging in CSR agenda is very important to any firm's financial success. Nevertheless, SMEs see many obstacles regarding this issue like low bargaining power, lack of know-how and scarce financial resources. Despite all these barriers, SMEs present unique and valuable characteristics such as informal relationships based on trust, flexible structure and adaptability to new macroeconomic circumstances. So, SMEs are able to take advantage of unexploited niche markets.

Another aspect that must not be forgotten is the role of SMEs in sustainable supply chains. SMEs' involvement in CSR will imply collaboration with their supply chain partners. A large company cannot be socially responsible if the companies with which it interacts, including SMEs, are not committed to these issues, and vice-versa.

For these reasons, research on CSR in SMEs seems definitely appropriate and urgent.

## **2. Literature review**

Portugal follows the European Commission's definition that describes a SME as a company that satisfies the succeeding requirements: the number of employees is lower than 250 and the annual turnover does not exceed 50 million euros or the balance sheet total does not exceed 43 million euros. SMEs can be medium, small or micro enterprises. Small enterprises employ less than 50 people and its turnover or balance sheet total is lower or equal than 10 million euros. Micro enterprises

have less than 10 employees and their turnover or balance sheet total is lower or equal than 2 million euros (European Commission, 2003).

Considering the purpose of this study, it is vital to analyse CSR specifically in these companies.

The concept CSR started to be debated in the 1950s, when it was considered a moral issue. The notion evolved and new definitions were emerging as researchers understood that CSR has many dimensions. Recently Carroll and Shabana (2010, p.93), argued that "CSR is evolving into a core business function which is central to the firm's overall strategy and vital to its success". The European Commission (2011) defines CSR as "the responsibility of enterprises for their impacts on society" and states that in order to fully meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders" (European Commission, 2011, p. 6).

A company interacts with many stakeholders, upstream and downstream the supply chain. Therefore, if one company is willing to be successful with respect to CSR, all firms in its supply chain need to be socially responsible (Ciliberti et al., 2008). This means that to fully analyse CSR, Supply Chain Management (SSCM) needs to be studied too. explicitly integrates three dimensions – economic, environmental and social (Seuring & Müller, 2008) – that constitute the Triple Bottom Line (TBL) principle.

But integrating sustainability principles in supply chain practices is a huge challenge. SSCM demands cooperation among partnering companies (Pedersen, 2004; Seuring & Müller, 2008). To turn a supply chain (SC) into a sustainable supply chain (SSC), cooperation and integration is needed at all stages: from raw materials purchase to end customers' consumption. So, partnerships and strategic alliances are extremely important.

Factors like SMEs' reluctance towards formalisation of processes, unawareness of benefits that CSR may bring and lack of financial resources are preventing them to embrace CSR. So there is a clear need to

broaden SMEs' engagement in the CSR agenda. But this must take into account their unique characteristics that make common CSR concepts not readily transferable to SMEs.

The literature reveals that there are important voids to be filled. First, most existing frameworks about CSR implementation do not consider SMEs' difficulties. Second, despite the fact that all supply chain entities are needed to achieve sustainable supply chains, not all of them have been analysed in SSCM context.

Therefore there is a prominent need to analyse all the dimensions of sustainability along the entire supply chain, with a special highlight on SMEs.

### 3. Research methodology

Based on the information collected in the literature review, the objectives of the dissertation were defined and translated into three research questions: (1) What is the selected SMEs' participation in CSR agenda and what is their role in sustainable supply chains?; (2) Do the CSR dimensions differ depending on the echelon of the supply chain the company is in?; (3) Considering all dimensions of CSR and SMEs' role in sustainable supply chains, what type of formalisation do SMEs need to implement in order to be socially responsible?

The research methodology consisted in case-study research, since it enables to capture the situation under study in a very detailed and exact way (Flick, 2009).

The data was collected through interviews to SMEs' owner-managers/ representatives. Therefore, the data collection process implied (1) writing an interview guide, (2) selecting the companies to interview and finally (3) conducting the interviews. The interview guide was based on the previously determined research objectives and aimed at obtaining the largest amount of relevant information possible. Then, companies were selected from the Portuguese SMEs distinguished with the award *PME Excelência 2013*. From a universe of 1103 SMEs, 15 composed the primary sample. The selection was conducted based on the following criteria: (1) Due to time and money constraints, only SMEs in the districts of Coimbra, Leiria, Santarém, Lisboa, Setúbal

and Évora were analysed; (2) Data collection from the selected companies obtaining information related to their economic activity, industry sector, dimension, CSR engagement, SC echelon and whether they had website or not. The objective was to obtain a balanced sample containing companies upstream, midstream and downstream in the supply chain. Also, a diverse sample was desired, in

**Table 1:** Classification of the interviewed companies according to size, SC echelon and industry sector.

Company	Size	SC Echelon	Industry Sector <sup>1</sup>
<b>Primary sample</b>			
Company A	Medium	Upstream	Farming & Fishing
Company B	Small	Upstream	General Mining
Company D	Medium	Upstream	Commodity Chemicals
Company E	Small	Upstream	Farming & Fishing
Company G	Small	Midstream	Industrial Machinery
Company I	Medium	Midstream	Distillers & Vintners
Company J	Small	Midstream	Soft Drinks
Company K	Small	Midstream	Industrial Machinery
Company M	Medium	Midstream	Footwear
Company N	Medium	Midstream	Food Products
Company O	Medium	Midstream	Toys
Company P	Small	Downstream	Hotels
Company Q	Medium	Downstream	Drug Retailers
Company R	Small	Downstream	Food Retailers & Wholesalers
Company S	Small	Downstream	Trucking
<b>Secondary sample</b>			
Company L	Medium	Midstream	Diversified Industrials
Company C	Big	Upstream	Commodity Chemicals
Company H	Micro	Midstream	Commercial Vehicles &
Company F	Medium	Upstream	Farming & Fishing

<sup>1</sup> According to the Industry Classification Benchmark subsector

terms of dimension, industry sector and CSR engagement.

Companies were contacted first by email, and for those companies where the email was not available, the contact was done by phone. 15 SMEs answered positively, allowing the interview. These comprise the primary sample (Table 1).

Two of the companies interviewed (Company E and Company D) provided information about their suppliers and buyers. A supplier and a buyer for each of these companies constituted a secondary sample: Company L, Company C, Company H and Company F. This extension enabled the analysis of two supply chains – a food supply chain and a PVC (Polyvinyl Chloride) materials supply chain.

The interview guide comprised the following questions:

1. Is it the first time that your company is honoured with *PME Excelência 2013*?
2. What have you done differently to be distinguished as *PME Excelência 2013*?
3. What impacts do you think this award had on your company and on your relationship with your business partners?
4. What is your perception of CSR?
5. Do you think it is applicable to SMEs? Why? Why not?
6. Assuming that CSR is the responsibility companies have for the impacts they cause on society, which entities does your company affect most? And how are you affected?
7. Have you adopted any CSR practice? Which? If yes, are you going to invest more on CSR? How? On which dimensions? If not, are you going to adopt any CSR policy in the short term? How? Which?
8. How do you manage CSR? Is it incorporated in your strategy or is it a side activity? In years of very high profit do you invest more on CSR?
9. Do you perceive CSR as an administrative burden?
10. What obstacles do you face when implementing CSR? What is your strategy to overcome difficulties concerning CSR adoption? If none of those inhibitors existed, in which dimensions of CSR would you invest? How?
11. Do you know that there are organisations in Portugal that help companies to overcome difficulties concerning CSR like Grace or

BCSD? Would you accept to pay an annual quota to become a member?

12. What were the main drivers that pushed you to implement CSR policies? Was it solely because of external pressures exerted by stakeholders (SC partners, regulation) or is there an internal motivation towards social responsibility?
13. Do you believe CSR brings any benefits? Which benefits? How can you take advantage of those benefits?
14. What do you believe to be the impacts of CSR activities in your company's performance? Do you think it is related to financial performance?
15. Do you assess your CSR performance formally? How? Which dimensions do you assess and how often? Do you use any software to help in this task? Are you aware of the existing indicators for CSR evaluation like GRI, SME Key or EMAS?
16. Do you report those assessments formally? How? What is the content of those reports? Do you report economic, social and environmental impacts? Do you include for example, staff turnover, accident rate, training costs, productivity in time, rise in profits, waste reduction...?
17. Do you communicate to the internal and external entities you interact with your CSR objectives and practices? Do you disclose information about it?
18. If you don't measure CSR performance or write reports, are you willing to formalise any processes? Which types of formalisation? How?
19. Don't you feel the need to communicate your CSR activity? Do you think measuring your CSR performance and writing reports about it is important? Do you believe it can bring any value-added/benefit to the company?
20. How is your relationship with your suppliers? Being a (SC position), how they affect your company or how do you affect them? Do you feel under pressure?
21. How is your relationship with your clients? Being a (SC position), how they affect your company or how do you affect them? Do you feel under pressure?
22. Do you feel encouraged to motivate your supply chain partners to adopt CSR practices?
23. Do you develop partnership programmes aiming at adopting CSR practices? Do you

believe collaboration positively contributes to successful implementation of CSR policies?

**24.** What do you think about CSR training? Would you accept to engage in an intra-chain training programme?

**25.** Can you identify supply chain entities beyond first-tier? Who are the SC key players?

**26.** Do you consider CSR practices in supplier selection criteria? How do you ensure demands' fulfilment?

**27.** Are you requested to have any certification diploma regarding your CSR practices? Do you have difficulties in complying with requirements? How do you ensure you comply?

The interviews were undertaken in one meeting, generally at the company's facility, with the owner, co-owner, general manager, or department director of the company. Since it was semi-structured interviews, some questions asked in one SME could be omitted in another and the order of the questions was not always the same.

#### 4. Results

SMEs in the sample are engaged in CSR, taking action regarding many different matters, congregated in fourteen CSR categories. The taxonomy created by Simões (2014) was in part used to this categorisation but it had to be adapted to SMEs' reality. The resulting CSR categories are:

- **'Employee welfare' (Simões, 2014)** – main aspects associated with employee self-esteem, employee satisfaction and employee wellbeing.
- **'Employment practices and relations' (Simões, 2014)** – organisational disciplinary practices, codes of conduct, and the relationship between the workforce and the company.
- **'Training: education and personal skills' (Simões, 2014)** – company's willingness to improve the human capital's skills.
- **'Health and safety practices and incidents' (Simões, 2014)** – organisation's responsibility for caring about its workforce, and implementing a

Health and Safety culture in all business units (Simões, 2014).

- **'Diversity and equal opportunities' (Simões, 2014)** – human capital heterogeneity and equal opportunities.
- **'Business impacts on community; community involvement and welfare' (Simões, 2014)** – positive impacts that the business has on society and communities.
- **'Community funding and support' (Simões, 2014)** – both direct and indirect financial support, including material resources given to communities (Simões, 2014).
- **'Stakeholder participation' (Simões, 2014)** – stakeholder involvement and empowerment in business activities (Simões, 2014).
- **'Product management'** – products' social and environmental sustainability.
- **'Selective purchasing'** – including CSR aspects in requirements for purchasing materials.
- **'Responsible water consumption'** – water consumption management taking into account environmental impacts.
- **'Responsible energy consumption'** – energy consumption management taking into account environmental impacts.
- **'Environmental impacts minimisation'** – companies' commitment towards minimising the environmental impacts of their business activity.
- **'Reporting'** – regular reports describing activities performed by companies to address CSR issues.

The most relevant ones for these SMEs are 'Employee welfare', 'Community funding and support', 'Responsible energy consumption' and 'Environmental impacts minimisation'. This way, the SMEs show that employees, community and environment are the stakeholders they most care and act about. Nonetheless, the stakeholders they identified when asked about it do not match in most cases to the actual stakeholders they addressed in the CSR actions they adopted. One may conclude that SMEs are not conscious about the stakeholders they affect and how they do it. Moreover, buyers and suppliers are rarely addressed by these SMEs,

although they are identified as stakeholders by eleven companies. This may indicate that SMEs still limit the relationships with supply chain partners to business-related matters, not involving them in their CSR practices.

#### CSR engagement according to size, industry sector and supply chain echelon

After researching how SMEs in the sample are generally engaged, it seems useful to analyse SMEs' engagement in CSR according to their size, industry sector and supply chain echelon. This way, it will be possible to verify whether these characteristics determine or not their commitment to CSR.

There are some clear differences in the behaviour of medium and small companies concerning CSR. **Medium companies** perform a role in every CSR category identified, presenting a wider CSR activity, which may be justified by the fact that these are bigger companies with more resources to diversify across CSR initiatives. Whereas medium companies pay more attention to the inclusion of different cultures, **small companies** are focused in closer issues like employing local people and addressing employees' relatives' interests. Furthermore, medium companies are market-oriented, including their downstream partners in their CSR activity while small companies are more active about their upstream partners.

In what concerns industry sectors, no linear correlation was found with the CSR categories addressed. But an important finding is to mention: despite some exceptions, most SMEs in the sample confirm the impact of trade associations in CSR engagement. It was revealed that, for the interviewed SMEs, in an industry where there is a number of trade associations concerned about several CSR issues, critical for the economic activity, the SMEs in the industry are definitely more committed to CSR.

With respect to supply chain echelons, **midstream SMEs** clearly stand out, presenting a deep and broad understanding of CSR as well as an active attitude about it. This is proven by the fact that they take part in every CSR category. Also, beyond being the only ones taking action in CSR categories such as 'Stakeholder participation', 'Product

management' and 'Reporting', they are the only ones addressing buyers and employees' relatives in their CSR practices, stakeholders that are often neglected. Since **downstream companies** are closer to the final customer, developing an excellent image in customers achieves higher importance and consequently in order to please the consumer, 'Selective purchasing' is essential.

#### CSR features in SMEs

After understanding the relevance of CSR categories to SMEs, globally and specifically according to size, industry and SC echelon, it is useful to analyse the aspects that justify the presented engagement in CSR. Most SMEs identify **character and values of the owner/manager and legal regulation** as the most important drivers. But motivation also depends on the CSR Category. For instance, while initiatives regarding 'Employee Welfare' are driven by moral reasons, 'Responsible energy consumption' and 'Environmental impacts minimisation' are included in these categories mainly linked with costs savings, regulation compliance and managing byproducts resulting from the manufacturing processes. Also, SMEs also recognised **cost reductions and image and reputation** as motivators towards CSR. These two are not found in the literature analysed as drivers but as benefits. Therefore, it is considered that this is an important contribution of the present work: some SMEs are able to foresee better image and costs savings thus their engagement in CSR is driven by those expected benefits.

In terms of inhibitors, the two most important for SMEs in the sample were not found in the literature either. **Lack of human resources and legal regulation** are the main aspects preventing these SMEs from being more engaged in CSR agenda. However, none of the two companies that write reports identified lack of Human Resources as a difficulty, which may indicate that 'Reporting' is one of the least important CSR category for the interviewed SMEs, because of their impossibility to allocate resources to the task. Insufficient incentives and lack of know-how (companies claim difficulty in measuring results) are relevant difficulties too.

All SMEs put effort into be integrated in the community. This causes **better image and reputation**, the most relevant benefit recognised, which is rather surprising given the fact that eleven SMEs either do not communicate their CSR activity at all or only communicate internally. One may conclude that being smaller companies and active in local community, they are closer to the community what makes it difficult to hide CSR initiatives, leading to better image and reputation. The stakeholder to whom the highest number of CSR actions (100) is addressed is employees, which is reflected in Improved Employee Motivation, the second most common benefit from CSR identified by this sample of companies.

The company that realised the greatest number of benefits – Company N – is also the only SME writing a report entirely dedicated to CSR. This reinforces the idea that **reporting** may help SMEs exploiting benefits derived from CSR, as stated by Jenkins (2009). However, most SMEs do not measure CSR indicators beyond the ones mandatory by law or costs with donations and training. The

majority does not intend to formalise any measuring or reporting procedures.

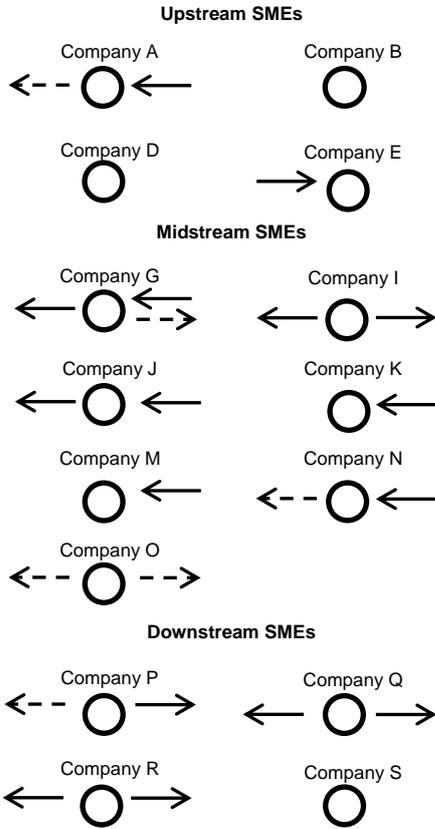
SMEs’ role in sustainable supply chains

Having studied SMEs’ engagement in CSR, it is next analysed their ability to exert pressure towards a sustainable supply chain by championing CSR and encouraging partners to adopt a socially responsible behaviour (Ciliberti et al., 2008).

Figure 1 presents the actual CSR transfer flows through SMEs in the sample (regular lines) and also potentially CSR transfers (dashed lines). As it is possible to observe, **upstream SMEs** do not play a significant role in transferring CSR practices along the supply chain. This may be explained by the fact that upstream companies in the sample generally have a low bargaining power and they do not desire partnerships with suppliers or buyers. Most **midstream SMEs**, on the other hand, is influenced, and one even influences both suppliers and buyers. This has to do with the fact that they are open to collaborating with supply chain partners. Besides, in general they have a good bargaining power. **Downstream SMEs** are also open to collaboration and making use of their good bargaining power, they are active in transmitting CSR practices to their buyers and suppliers. Thus, despite CSR transfer not being as common among these SMEs as it could be, a strong potential to start transmitting CSR was recognised in five companies in the sample, given their good bargaining power and openness to partnerships.

It is important to note that 71% of the actual transfers of CSR principles among SMEs and their supply chain partners are upstream directed, that is, from buyers to suppliers. This may be explained by the fact that when asked about which is the key player in the supply chain they belong to, most SMEs answered that it was either a direct or an indirect client. Therefore, key players, which are downstream, create an upstream flow of CSR practices transfer.

Furthermore, the secondary sample enabled understanding if the Company D and Company E are part of supply chains in which CSR is transferred along the chain and how this is realised (Table 2).



**Figure 1:** Visual representation of CSR transfer from and to SMEs in the sample.

**Table 2:** The two partial supply chains analysed.

Supplier (secondary sample)	SME in the primary sample	Buyer (secondary sample)
<b>PVC supply chain</b>		
Company C	Company D	Company L
<b>Vegetables and fruit supply chain</b>		
Company H	Company E	Company F

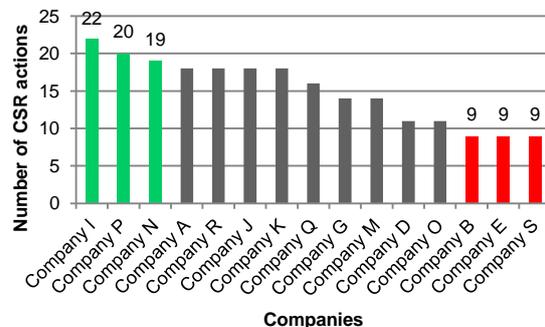
Companies in the **PVC supply chain**, except for Company D, are seriously committed to CSR and wish to continuously increase their performance. However, the three companies as a chain seem to fail in terms of CSR transfer since the only influence is Company C exemplifying best practices, which do not result in any change in Company D's behaviour. So, even if one SME is surrounded by companies fully engaged in CSR and making efforts to transmit CSR along the chain, the SME may not allow this influence, losing the chance to make part of an increasingly sustainable supply chain. In the **Vegetables and fruit supply chain**, Company E is influenced by Company H, trying to be the most efficient possible and it is encouraged to fulfil environmental requirements by Company F, which reveals a real change in behaviour, even if soft, caused by supply chain partners influence. In this chain, there is one SME that is influenced by two companies in the supply chain to implement some CSR policies (the case of Company E), that may be opened to adopt more CSR practices and to build partnerships. Nonetheless, this does not imply that this SME will transfer CSR to its supply chain partners, since it remains in a passive attitude.

Company H and Company F are much less focused on CSR, despite having adopted some actions, whereas both Company C and Company L have serious plans and assess their own CSR performance. However, the SME that belongs to the Vegetables and fruit supply chain is more influenced and presents a higher potential to transfer CSR than the SME that is part of the PVC supply chain. This

reinforces what is said in the literature – collaboration is essential to a sustainable supply chain. If an SME is open to collaborate, even if it does not transfer CSR to its buyers or suppliers, it changes its behaviour in terms of CSR performance.

### Top 3 and bottom 3 SMEs

Following the understanding of Portuguese SMEs' engagement in CSR and their role in sustainable supply chains, it is pertinent to compare the companies that undertook the highest number of CSR actions with the ones that implemented the least number (Figure 2). This would allow identifying best practices as well as root causes why some SMEs are so inactive in terms of CSR.



**Figure 2:** Number of CSR actions by company.

The top 3 companies show that they not only have implemented a higher number of CSR actions but they are more aware, more effective and eager to do ever better. Top 3 SMEs have already realised that CSR is a positive thing, acknowledging financial benefits. These companies are playing an important part in transferring CSR along the supply chain, but could do much more. Companies in the bottom 3 are not engaging in CSR purely for voluntary reasons but are still encouraged by legal rules. To justify the reduced number of CSR actions, they pinpoint difficulties like limited financial resources and lack of incentives. These companies are strongly driven by the purpose of making the business economically healthy and generally do not believe CSR could bring better financial results. In addition, they are clearly not aware of the critical issues they should be addressing in their CSR activities. Finally, these companies are not part of the CSR principles

transfer flow, neither influencing nor being influenced in terms of CSR.

## 5. Conclusions and further research

Three entities revealed to highly influence SMEs' behaviour in what concerns CSR: legal authorities (SMEs are driven by compliance with legal regulation) trade associations (proven to successfully influence SMEs to adopt CSR practices) and supply chain key players (they are probably the ones originating CSR transfer along the chain).

Shortage of incentives is preventing SMEs from being proactive in what concerns CSR adoption. This clearly sends a signal to legal authorities, trade associations and supply chain key players to improve incentives. But more important than this, the present study found that lack of human resources is the most important factor constraining their engagement in CSR. Therefore, incentives to CSR adoption in SMEs should address this difficulty, irrelevant for big companies.

Although SMEs in the sample are seriously committed to some CSR categories, they are still passive when the matter is influencing their suppliers and buyers. On the other hand, a strong potential to start encouraging CSR adoption in companies belonging to their supply chain was identified in some SMEs in the sample.

Conversely, instead of acting as enablers, SMEs can act as bottlenecks in CSR transmission along the supply chain. One company alone can disrupt CSR transfer, even if all the other companies in the chain are seriously engaged in CSR, as well as trade associations (e.g. the PVC partial supply chain analysed). This reinforces the idea that SMEs are still neglected in many existing initiatives, which may lead to bottlenecks prohibiting Sustainable Supply Chains. Therefore, a strategy to overcome SMEs' resistance to collaboration in transferring CSR along the supply chain is needed. Trade associations, supply chain key players and legal authorities could be the ones with the required capabilities for defining it.

In addition, the SC echelon seems to be related to the ability of transmitting CSR principles along the supply chain. Midstream

companies are influenced to become socially responsible while downstream firms are the ones transmitting CSR practices to their supply chain partners.

SMEs seize benefits derived from CSR, even if not measuring it. Measuring the benefits from CSR may not always be possible or necessary in SMEs, but it seems to help in concretisation of those benefits. Most of these companies are not willing to start measuring or reporting, mainly because of two reasons: (1) they do not foresee advantages and (2) Human Resources are too busy and cannot be allocated to any type of formal assessment of CSR.

This dissertation represents a valuable contribution since it studies the relationship between three concepts that have not been often studied together – Corporate Social Responsibility, Small and Medium-sized Enterprises and Supply Chain Management. The deep case study analysis performed enables understanding that Portuguese SMEs are committed to CSR but lack both Human Resources and know-how about the theme. However, potential was found mainly in what concerns a proactive role in Sustainable Supply Chains, which depends on companies' openness to collaboration and on third parties like governments or trade associations' action. Furthermore, this work presents a hint to be explored by future research – the supply chain echelon may be related to the CSR dimensions addressed as well as to the potential to adopt CSR practices and influence supply chain partners to do the same.

## References

- Carroll, A. B., & Shabana, K. M.** (2010). The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews*, 85-105.
- Ciliberti, F., Pontrandolfo, P., & Scozzi, B.** (2008). Investigating corporate social responsibility in supply chains: a SME perspective. *Journal of Cleaner Production* 16, 1579-1588.

**European Commission** (2003). *Commission's Recommendation*. Retrieved November 6, 2013, from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:124:0036:0041:en:PDF>.

**European Commission** (2011). *Communication From The Commission To the European Parliament, the council, the european economic and social Committee and the committee of the regions, A renewed EU strategy 2011-14 for Corporate Social Responsibility*. Retrieved from <http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/>.

**European Commission** (2012). *European Commission Communication on CSR 2011: Implementation table*. Retrieved December 9, 2013, from [http://ec.europa.eu/enterprise/policies/sustainablebusiness/files/doc/csractionstimeline2121webversion\\_en.pdf](http://ec.europa.eu/enterprise/policies/sustainablebusiness/files/doc/csractionstimeline2121webversion_en.pdf).

**European Commission** (2013). *Empresas e Indústria, Ficha SBA de 2013 Portugal*. Retrieved March 20, 2014, from [http://ec.europa.eu/enterprise/policies/sme/acts-figures-analysis/performance-review/files/countries-sheets/2013/portugal\\_pt.pdf](http://ec.europa.eu/enterprise/policies/sme/acts-figures-analysis/performance-review/files/countries-sheets/2013/portugal_pt.pdf).

**Flick, Uwe** (2009). *An Introduction to Qualitative Research*, Sage Publications, 4th edition, Retrieved from [http://www.ebook3000.com/An-Introduction-to-Qualitative-Research\\_156594](http://www.ebook3000.com/An-Introduction-to-Qualitative-Research_156594).

**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.

**Pedersen, E. R.** (2004, May). Safeguarding CSR in Global Supply Chains: The Governance of Codes of Conduct in Buyer-Supplier Relationships. In symposium *Second World Conference on POM and 15th Annual*

*POM Conference*. Symposium conducted at Cancun, Mexico

**Seuring, S., & Müller, M.** (2008). From a literature review to a conceptual framework for sustainable supply chain management. *Journal of Cleaner Production*, 16, 1699-1710.

**Simões, M.** (2014). *Social Key Performance Indicators – Assessment in Supply Chains* (Master Thesis).